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Daily Report

China

FBIS-CHI-95-001

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General

Qian Qichen Hosts Reception for Foreign Envoys

OW3012133194 Beijing XINHUA in English 1326
GMT 30 Dec 94

[FBIS Transcribed Text] Beijing, December 30 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen hosted a reception to entertain China-based diplomatic envoys from various countries here this evening.

Qian said at the reception that the outgoing year has witnessed all-round progress in China's economic construction, reform and opening up and all other undertakings.

He noted that on the diplomatic front, China has pursued an independent foreign policy of peace and expanded positively its friendly cooperation with the rest of the world, thus contributing its part to the promotion of world peace, stability, prosperity and development.

The vice-premier expressed his thanks for the great deal of work that the diplomatic envoys had done in enhancing mutual understanding and cooperation between China and the rest of the world in the past year.

Jean Jacques Maurice, head of the Delegation of Diplomatic Envoys to China and Madagascar Ambassador to China, said that in implementing its program of national development and modernization drive, China pursues firmly the policy of reform and opening up.

"We have experienced in China the fruits of this policy, characterized with political stability, economic prosperity and social progress", he added.

This veteran diplomat noted that China's diplomatic work is full of dynamism and enjoys a promising prospect in the international community.

More than 300 Chinese and foreign guests attended the reception.

WTO 'Comes Into Being on New Year's Day'

OW0101044195 Beijing XINHUA in English 0336
GMT 1 Jan 95

[FBIS Transcribed Text] Geneva, December 31 (XINHUA)—The World Trade Organization (WTO), the successor of the General Agreement on Tariffs and Trade (GATT), comes into being on New Year's Day.

The WTO, a long-envisioned third pillar of the post-World War Two global economic structure alongside the World Bank and the International Monetary Fund, will administer the entire set of trade accords negotiated in the seven-year Uruguay Round of trade talks and provide a permanent forum for further trade negotiations.

Compared with the GATT, the WTO has a far wider scope, bringing into the multilateral trading system, for

the first time, commercial activities such as trade in services, the exchange of ideas in the context of intellectual property protection, and investment.

The WTO also clarifies and strengthens the original GATT rules for trade in goods such as non-discrimination, and equal treatment for imports and domestic goods in the internal market.

The new world trade body also has a more streamlined dispute settlement mechanism whose rulings cannot be vetoed by any members.

All the 125 members of the old GATT automatically become WTO members upon acceptance of the Uruguay Round Agreement. The prospective membership of the WTO is already around 150 countries and territories, with many others considering membership.

As there are about 20 GATT members who can only complete their ratification procedures of the Uruguay Round accords in 1995, GATT members had agreed that the GATT will still coexist with the WTO for one year.

Moreover, because of the lengthy fact-finding procedures involved, complaints can be brought under GATT's anti-dumping and anti-subsidies codes for another two years.

Roundup on Role of World Trade Organization

OW0101170895 Beijing XINHUA Domestic Service in Chinese 0650 GMT 31 Dec 94

["Roundup" by XINHUA reporter Ban Wei (3803 3837): "The Significance and Impact of the Establishment of the World Trade Organization"]

[FBIS Translated Text] Geneva, 31 Dec (XINHUA)—A new international organization, the World Trade Organization (abbreviated WTO), will be formally inaugurated on 1 January. The General Agreement on Tariffs and Trade (abbreviated GATT) which has managed world trade for as long as 47 years will step out of the arena of history after a transitional period of at least one year. The WTO, as a permanent organization, will run neck and neck with the World Bank and the IMF and become one of three principal pillars of the world economy.

The concept to establish an international trade organization was put forward before the end of World War II and relevant resolutions were adopted. However, the United States later disapproved the idea, because it was worried that its economic policies could be subject to the intervention of an organization which transcend countries. As a result, the plan to establish an international trade organization was abandoned. Under that situation, the GATT, an interim multilateral trade agreement reached in 1947, has since actually played the role of an international trade organization.

Over nearly one half of a century, the GATT, through organizing multiple rounds of multilateral trade negotiations, has drastically reduced tariffs and caused world trade to increase more than ten-fold. However, with the development of the world economy, international trade has become more complex and involves a wider area, and various limitations of the GATT's functions have been exposed. Under such a background, the signatory parties adopted the Uruguay Round agreement at the end of 1993 and decided to establish the WTO.

The WTO has a wider area of coordination compared with GATT. Such important commercial activities as service trades, protection of intellectual property rights, and investment have been included in the multilateral trade management system for the first time. In addition, the WTO will supervise the implementation of a complete set of trade agreements by all members; and some agreements of the GATT, such as those on antidumping and subsidies, will become applicable for only some of the signatory parties.

The WTO has further clarified and strengthened relevant existing rules of GATT, such as the most favored nation clause in commodity trade and the national treatment clause which gives imported goods the same treatment as domestic products.

Additionally, the GATT "tolerates" to a varying extent the protectionist measures taken by some countries in some "sensitive" areas. The situation will change after the establishment of the WTO. For instance, the export quota for textiles will be eliminated step by step, the trade of agricultural products will be reformed, and such trade measures as the voluntary export quota in bilateral trade should also be eliminated gradually according to the new provisions.

As a measure to expand its authority, the WTO has also established a trade disputes mediation mechanism that is more efficient and has greater transparency than similar organs of GATT. No WTO member country has the right to veto the ruling of the group of arbitrators of the organization.

We may well say that establishment of the WTO has enabled the world to take a new step toward trade liberalization. However, this does not mean that henceforth global trade will develop without meeting any obstacles. First, relevant regulations of the WTO are still empty words on a sheet of paper, and whether or not its member countries will faithfully abide by the agreement is still unknown. Since the Cold War ended, economics has become the primary issue all countries are concerned about. Unemployment, imbalance in foreign trade, and other factors have prompted trade protectionism to regain ground in all countries. Many experts hold that the WTO may be able to restrain protectionism, but will be unable to eliminate it.

Second, although the WTO has strengthened the mechanism for settling trade disputes, the United States and

other Western countries' practice of unilaterally imposing trade sanctions without a good reason still threatens the authority of the multilateral trade system, and weak and small countries still lack effective means to retaliate major trade countries' violations of agreements. In addition, developed countries may use technology barriers, environmental protection, labor remuneration, and other issues as an excuse to practice a new type of trade protectionism against the large number of developing countries.

Following the establishment of the WTO, the trend of development of group-based international trade has further strengthened. The EU, the North America Free Trade Area or even an entire American free trade area, and APEC have recently all established their long-range development objectives. We can be sure that international competition will be fiercer in the future and trade relations will be more complicated. How to coordinate the interests of the various trade blocs to enable them to develop toward trade liberalization is another new issue facing the WTO.

Radio Commentary Views DPRK-U.S. Helicopter Incident

OW0101080895 Beijing China Radio International in Mandarin to Asia 0900 GMT 31 Dec 94

[Station commentary by (Wang Mingtang); from the "Report on Current Events" program]

[FBIS Translated Text] U.S. military pilot Hall, who was arrested 14 days ago due to his infringement of the DPRK's airspace, was released on 30 December. Accompanied by Thomas Hubbard, deputy assistant secretary of the U.S. State Department, the chief warrant officer of the U.S. Air Force left the DPRK and entered the Republic of Korea through Panmunjom 30 December.

The U.S. and DPRK sides reached a written statement of understanding on the release of Hall on that day. In the written statement of understanding, the U.S. side admitted that the U.S. helicopter illegally intruded into the DPRK's airspace and expressed regret over the incident. The U.S. side guaranteed to take measures to prevent the recurrence of similar incidents.

At the demand of the DPRK side, the United States agreed to continue military contacts at Panmunjom to prevent incidents threatening the peace and security of the Korean peninsula. The U.S. side also agreed to provide necessary cooperation on the issue of the release of captured soldiers of the DPRK.

The U.S. State Department also confirmed on 30 December that Thomas Hubbard, deputy assistant secretary of state, expressed to the DPRK side that the U.S. side is willing to prevent the recurrence of similar incidents through appropriate contacts.

The incident of the U.S. helicopter's intrusion into the DPRK's airspace happened on the morning of 17

December. On that day, Hall and his partner Hilemon were flying a reconnaissance helicopter. After taking off at the ROK's Chunchon Airport, the helicopter entered the DPRK's airspace near Iphori, Cangwon Province, and met the artillery fire of the People's Army of the DPRK. At the time of the crash, Hilemon was killed instantly and Hall was captured.

Immediately following the incident, the U.S. and DPRK sides held negotiations. On 18 December, U.S. Congressman Richardson, who had just arrived in Pyongyang for a visit, immediately stopped his talks with the DPRK side on the nuclear issue and handled this incident on behalf the U.S. Government. He met with DPRK Foreign Minister Kim Yong-nam and leaders of the DPRK's Supreme People's Assembly. The DPRK side returned the remains of Hilemon to the U.S. side on 22 December, but accused Hall of spying.

DPRK public opinion pointed out that such an incident by no means happens only occasionally. The U.S. helicopter intentionally intruded into the DPRK airspace to carry out reconnaissance activities. Public opinion in DPRK was also concerned that the United States might intentionally create a state of emergency to prevent the fulfillment of a framework of agreement between the two sides.

The DPRK's Central News Agency 28 December make public a confession made by Hall. Hall admitted that he entered deep into the DPRK's airspace with a mission and that he gravely infringed on the DPRK's sovereignty and violated international law. He admitted his crime. Meanwhile, he pledged he would never commit such an act against the DPRK again. He requested that the Government of the DPRK handle the matter in a lenient manner and released him so that he could return to his home and be reunited with his parents and wife.

From 20 to 30 December, Hubbard visited Pyongyang on behalf of the United States and held talks with the DPRK side on this incident. The two sides reached a written understanding.

The questioning of the arrested pilot was a rightful thing; however, some people in the U.S. Congress repeatedly put pressure on the DPRK by threatening to sacrifice relations and the framework of agreement between the two countries. The U.S. Government also repeatedly stressed that the helicopter, which intruded into the DPRK's airspace, was on a training mission and was not on a reconnaissance mission. The U.S. stand complicated the matter.

People do not want the helicopter incident to affect the improving relations between the United States and the Democratic People's Republic of Korea and the situation on the Korean peninsula.

The captured pilot was released, which has prevented the deterioration of bilateral relations between the two countries. Since the two sides signed a framework of agreement on the nuclear issue in Geneva on 21 December,

relations between the two countries have become more flexible. Recently, governments of the two countries have made contacts on issues such as the implementation of the agreement and the establishment of bilateral diplomatic relations. The two sides have also reached an initial mutual understanding on establishing a government liaison office in each other's capital. According to the framework of the agreement on the nuclear issue, the Democratic People's Republic of Korea agrees to freeze its existing nuclear program [xian you di he ji hua] and the United States also guarantees that it will organize a multinational group to provide technologies for light-water reactors with a value of \$4 billion and improve government to government relations with Pyongyang.

'Special Report' on U.S.-DPRK Agreement on Nuclear Issue

HK0201151095 Beijing LIAOWANG in Chinese No 52,
26 Dec 94 pp 13-14

["The World Wants Peace and Economy Wants Development—Hot Spots of the International Situation in 1994 and Prospects for 1995": "Special report" by Da Zhi (6671 1807): "The United States and the DPRK Reach a Framework Agreement: This Being Beneficial to Dialogue Between the North and South Koreans"]

[FBIS Translated Text] After carrying on a dialogue, which reached deadlock at one time and eased at another, on the North Korean nuclear crisis for a year and a half, the United States and North Korea signed a framework agreement on solving the nuclear issue in Geneva on 21 October.

The problem originated from the information collected by a U.S. satellite in 1990. Due to long-term confrontation between the United States and North Korea, the United States had no idea about North Korea's development and possession of nuclear weapons. To clarify the truth of the matter, the United States tried very hard to urge North Korea to accept special inspection by the International Atomic Energy Agency, but this demand was resolutely rejected by North Korea, resulting in U.S.-North Korean confrontation over the latter's nuclear program. In March 1993, the confrontation escalated. In the following 20 months, the two sides had several rounds of "wrangling." Both sides at first refused to make any concessions, then made limited concessions, and finally arrived at a comprehensive compromise. The agreement, which did not come easily though, was welcomed by the international community.

Both sides needed the agreement.

The U.S. side had three considerations: 1) The United States, which had been vigorously pursuing the nuclear nonproliferation policy worldwide, was eager to solve the North Korean nuclear crisis to prevent Japan, South Korea, and other nuclear thresholds [men jian 7024 2920] from taking advantage of the opportunity to develop nuclear weapons. The United States had tried to

bring North Korea to its knees by applying sanctions, but the attempt was resolutely resisted by the latter. In view of this, the United States had to make fairly big concessions in exchange for North Korea's promise to give up its nuclear package. 2) The agreement served U.S. interests in Northeast Asia. Though the Cold War was over, the United States was reluctant to leave and abandon its interest in Northeast Asia, especially the Korean peninsula. North Korea is an important country in Northeast Asia and had confronted the U.S. and South Korea for a long time. When its "stick" policy proved of little effect with North Korea, the Clinton administration, with the change in the international situation, tried to reach a compromise with North Korea to gradually break into North Korea through carrying out a "carrot" policy. 3) The agreement met political needs in the United States. Since assuming power, Clinton had achieved little politically and he was feeling the pressure of the interim elections. The agreement would more or less indicate his "diplomatic achievements."

North Korea mainly planned to make full use of the opportunity to improve North Korean-U.S. relations, which restrained its relations with the Western world, so that it would promote its relations with the Western world, Japan, and Russia in a bid to create a new international environment to invigorate its economy. Again, it tried to enhance its international prestige to ensure its political stability by directing confronting the United States.

The framework agreement would have a major impact on the situation in the Korean peninsula.

First, the agreement made a decisive breakthrough in defusing the North Korean nuclear crisis, which had lasted a year and a half, and would be of positive significance to eliminating tension in the Korean peninsula, turning the peninsula into a nuclear-free zone, and maintaining peace and stability in the peninsula. Second, the agreement indicated that the United States had changed its policy toward North Korea from refusing to acknowledging it and isolating it to acknowledging it and carrying on a dialogue with it. This would, to a certain extent, lessen the political, economic, and military pressure upon North Korea, thus contributing to long-term peace and stability in the peninsula. Third, the agreement would help improve North Korea's relations with Japan and Russia. The agreement served to remove a major obstacle to negotiations between North Korea and Japan on reestablishing diplomatic ties. The Japanese ruling party has expressed a desire to send a delegation to North Korea to work for reestablishing bilateral diplomatic ties. Russia has also said it would strengthen its traditional and friendly relations with North Korea to be qualified to speak on matters relating to the Korean peninsula. Fourth, with the signing of the agreement and the improvement in North Korean-U.S. relations, North Korean-South Korean relations would become more subtle. Possibly South Korea would exert greater influence upon North Korea as well as restrain

the development of North Korean-U.S. relations by making use of South Korea's financial and technological assistance to North Korea as stipulated in the agreement. From a long-term point of view, the framework agreement would create a favorable atmosphere and conditions for a dialogue between the two sections of the peninsula and thus contribute to improvement of their relations. From now on, their military confrontation would possibly move toward relaxation.

'Year-End' on Change in World Situation

OW0101034495 Beijing XINHUA Domestic Service in Chinese 0243 GMT 31 Dec 94

["Year-End" by reporter Chen Xi (2525 2569): "The World in Profound Change"]

[FBIS Translated Text] Beijing, Dec 31 (XINHUA)—The annual ring of 1994 has been newly added to history and the world has again undergone complicated and profound changes.

Although the drastic quake is over, the dust has yet to fall, and a new world balance is forming amid structural readjustment. A trend of multipolarization is emerging, economic factors are playing an increasingly important role, and the spring tide of peace and development is forging ahead. International relations, particularly those among the major powers, have entered a new stage of adjustment.

In this world of mutual dependence and mutual restraint, hegemonism and power politics still exist and local turmoils and warfare rise one after another; the world is not in a peaceful state. However, as the "unequal rivers never flow westward," mitigation remains a leading trend in the development of the world situation.

In the past year, new changes and features are generally as follows:

1. Adjustment of Strategic Relations Among Big Powers

Changes in policies and in mutual strategic relations among the major powers affects development of the world structure. As the only superpower, the U.S. has defined its strategy as "participation and expansion" and has sought "a global leading position." However, the great difference between desire and capability has forced the U.S. to "shift from idealism to realism;" it invited Japan to be a "supplementary leader" in the east, and Germany, as a "partner in leadership" in the west, to "share responsibility and obligation."

In Europe, the "special U.S.-British relations," which had lasted for half a century, were replaced by the "special U.S.-German relations," and the Franco-German axis was leaning to Bonn. The struggle between the U.S. and Europe for leadership in Europe is in the ascendant. In Asia, Japan's attempt to "break away from

the U.S. and return to Asia" has challenged the U.S.-Japanese alliance. It is thus clear that the major powers in the west are not only partners in cooperation, but also competitors.

U.S.-Russian relations saw significant change. The emphasis of the U.S. strategy toward Russia shifted from internal "democratization" of politics and economy to external guard [fang fan 7089 5400] and containment.

2. Russia's Efforts To Regain its Major Power Status

Russian nationalism and consciousness of being a major power are back. It clearly told the world: Do not look down on Russia because it is still a major power in the world. Its "westward" foreign policy has been replaced by one emphasizing both the west and the east. Facing the major powers in America and Europe, Russia no longer goes out of its way to curry favor and now asks to be on an equal footing in politics. In the economy, it has ceased to demand aid constantly, but asks for cooperation on an equal footing. Russia pursued an independent foreign policy; it not only had the courage to say "No," but also exercised the first veto power since the end of the Cold War at the UN Security Council. In strategy, Russia declared the Commonwealth of Independent States [CIS] as its "special scope of interest" and clearly opposed NATO's eastward expansion. Russia sang a different tune with the U.S. on the issue of Bosnia-Herzegovina and actively involved itself in Arab-Israeli peace talks and Gulf affairs. In Asia, Russia has established stable, friendly, and cooperative relations with China, which will be carried into the 21st century.

3. Contention between Japan and Germany in Becoming Political Powers

This year, Japan and Germany contended with each other to become a permanent member of the UN Security Council to fulfill their political dreams. Backed by its powerful economic strength, Japan resisted strong pressure from the U.S. in trade disputes and was brave to say "No." Japan's Self-Defense Forces began participating in peacekeeping operations abroad. Despite several cabinet reshuffles, Japan's principle and goal of becoming a political power remains unchanged.

The united Germany has finally shaken off the heavy historic burden of World War II. Germany has established "special relations" with the U.S. and jointly built up a European defense network with France and Britain. It vied to become a bridge between eastern and western Europe and to occupy a leading position in an integrated Europe. In the meantime, Germany has drafted a "new policy toward Asia" with a view to developing toward the Orient. All of these are linked by Germany's pursuit of becoming a political power.

4. Economic Development Engulfing the Globe Like a Tide of the Time

The situation of the world economy has turned for the better in general. Economies in western developed countries have successively entered a stage of recovery or a

stage of robust growth from recovery, whereas those in central and East European countries have been in different degrees of recovery and development. Latin America and Africa saw growth in their economies and a bright future. The economy continued to grow rapidly in Asia, which has drawn world attention. China maintained sustained, rapid, and healthy economic development.

The development of international economic groupings and integration accelerated. The final document of the Uruguay Round and the agreement on the establishment of the World Trade Organization that encompassed the whole world were signed. The treaty of the European economic zone and NAFTA went into effect at the same time. The Asia-Pacific Economic and Cooperation forum defined the objective of realizing trade and investment liberalization by 2020. All of America reached an agreement on economic integration in the west hemisphere and a free trade zone, whereas a common development body for southern Africa and a southeast African common market were established successively, and the CIS formed an economic union... [ellipses as received] Economic development has become a general trend of the world and a spring tide of the time.

5. General Peace in the World With Local Turbulence

While South Africa and the Middle East accomplished historical reconciliations, genocide was reported in Somalia and Rwanda. While the second Gulf crisis and the civil war in Yemen were declared over, gunshots were getting louder in Chechnya. From Angola to Mozambique, from El Salvador, Guatemala, to Mexico and Colombia, the peace process is inspiring, but interference by the major powers in the Bosnia-Herzegovina problem makes people worry about the prospect of its peaceful solution. All of these facts explain how much the people in war-torn areas long for peace, but the interference of major powers always makes contradictions even more complicated and are no use to the settlement of conflicts. Although peacekeeping operations are useful, their effect is limited. Only through talks and political solutions can we turn hostility into friendship. Winds of fierce confrontation and "cold peace" have been coming from the Conference of Security and Cooperation in Europe, which demonstrate that the earned peace is still very fragile.

In the face of profound changes in international relations, China's adherence to an independent foreign policy of peace and its efforts to develop friendly and cooperative relations with various countries in the world are important factors to promoting regional and world peace, stability, and development.

United States & Canada

U.S. Threatens Trade Sanctions Against Beijing

OW3112170994 Beijing XINHUA in English 1700
GMT 31 Dec 94

[Beijing XINHUA Domestic Service in Chinese at 1650 GMT on 31 December in a similar report provides a subslug reading: "By reporter Ying Qian (2019 6197)"]

[FBIS Transcribed Text] Washington, December 31 (XINHUA)—The Clinton administration Saturday [31 December] [XINHUA Domestic variant version reads: "unilaterally"] set February 4, 1995 as the final deadline for China to meet U.S. demands on protection of American intellectual property rights, or face "retaliatory trade action" involving 2.8 billion U.S.-dollars' worth of goods exported to the United States.

U.S. Trade Representative Mickey Kantor published a list of Chinese products which are being considered for retaliation. It includes electronics, footwear, toys and other products. Any trade retaliation will be based on this list. "In that case, tariffs will be raised up to 100 percent on the imported products from China that are on the final list," he said.

He accused China of "being [XINHUA Domestic variant version reads: "to this day"] unwilling to take the necessary steps to protect American intellectual property," and "blocking market access for American movies, videos, and sound recordings."

In addition to a 30-day "public comment period" following today's announcement, the U.S. Trade Representative will hold public hearings on January 24-25 to discuss the proposed retaliation list.

Then, Kantor will make a "final determination" on February 4 on whether or not the threatened trade sanctions will be put into effect.

Beijing Plans Reprisals

HK3112070794 Hong Kong LIEN HO PAO in Chinese 31 Dec 94 p 1

[By special correspondent Li Lung-yun (2621 7893 0061) in Beijing: "Beijing Works Out Antisanction List for Overall Counteroffensive"]

[FBIS Translated Text] Because the Chinese-U.S. talks on intellectual property rights have failed, the U.S. side will impose approximately \$1 billion of sanctions on China in January and the Chinese is working out reprisal measures; this could lead to a trade war.

Over the last few days, the mainland Ministry of Foreign Trade and Economic Cooperation [MOFTEC] has been preparing a reprisal list. Depending on the contents of the list to be announced soon by the U.S. side, the Chinese side's list will include major U.S. products exported to the mainland.

According to a recent decision by high-level MOFTEC and State Council leaders, this time will be different from the past: They will initiate a "rapid" [xun shu 6598 6643] and "solemn" [yan zheng 0917 2973] response. After the U.S. side announces its sanctions list, the Chinese side will rapidly issue a statement clarifying its stand and will rapidly announce an antisanction list for an "overall [quan mian 0356 7240] and rapid counter-offensive."

In addition, in early January, MOFTEC will take the lead in holding a special national meeting to discuss the relevant measures mainland China should take as a result of its failure to enter the GATT.

The State Planning Commission [SPC] will promulgate two documents in January: One is on introducing foreign capital and the other is on borrowing foreign money. Vice Premier Zhu Rongji has instructed that, as of 1995, foreign capital and foreign debts will be included in state plans. Zhu Rongji pointed out that the central authorities cannot control the scale of investment in fixed assets or inflation because there are problems with foreign capital and foreign debt. The two SPC documents provide detailed regulations on utilizing foreign capital and foreign debt and stipulate that no more foreign capital will be introduced for real estate development. The documents provide specific regulations on the utilization of foreign capital and foreign debt by industries and regions, thus putting them into the category of the state plan.

As learned, these two documents are mainly aimed at local resistance against macroeconomic regulation and control and the central attempt to take back previously delegated powers.

Formulation of the two documents took place in secret without soliciting opinions from the localities out of fear that the localities might "rush for the last train." However, as soon as Zhu Rongji's remarks and instructions spread, many localities made final efforts to increase the "impetus" of introducing foreign capital. Some officials say that internal and external economic "double retrenchment" will arise next year due to Chinese-U.S. relations, the failure to enter the GATT, and restrictions on foreign capital, foreign debts, and imports. These will be unfavorable to economic development.

Counter-Retaliation List Prepared

OW3112153094 Beijing XINHUA in English 1523 GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 31 (XINHUA)—China prepares to launch counter-retaliation against possible U.S. Sanctions on China's exports.

A list of counter-retaliation is to be released by the Ministry of Foreign Trade and Economic Cooperation later today, sources said.

Counter-Retaliation List Announced

OW3112173394 Beijing XINHUA Domestic Service in Chinese 1610 GMT 31 Dec 94

[FBIS Translated Text] Beijing, Dec 31 (XINHUA)—The Ministry of Foreign Trade and Economic Cooperation [MOFTEC] issued an announcement today making public a counter-retaliation list vis- a-vis U.S. trade retaliation.

The announcement says: The Office of the United States Trade Representative disregards the significant efforts China has made to protect intellectual property rights and unilaterally announced the planned retaliation against Chinese exports—including electronics, toys, shoes, suitcases and bags [xiang bao 4630 0545], power generators, bicycles, and wristwatches—worth 2.8 billion of U.S. dollars, which will bring serious losses to China's foreign trade. In light of this and in line with the provision of Article 7 of the "PRC Foreign Trade Law" that "based on the actual situation, the PRC may take similar measures against countries or regions that have adopted discriminatory trade bans or restrictions or similar measures against the PRC," China will have no other choice than to take the following counter-retaliatory measures against the trade retaliatory measures of the United States:

1. Tariffs on imports of all kinds of game players, game cards, cassette tapes, compact discs, cigarettes, alcoholic beverages and cosmetics produced in the United States will be increased by 100 percent;
2. Imports of films, television programs, video tapes, and laser discs produced in the United States will be suspended;
3. The trade and cooperative ties with the U.S. International Federation of Phonographic Industry, International Intellectual Property Alliance, and Business Software Alliance will be suspended;
4. The examination and approval of applications of U.S. Audiovisual manufacturers to set up branches or representative offices in China will be suspended;
5. The applications filed by U.S. chemicals and pharmaceuticals manufacturers according to China's "Regulations on the Administrative Protection of Chemicals and Pharmaceuticals" will be suspended;
6. The negotiations currently under way with U.S. companies regarding large automobile joint venture projects will be suspended; and
7. The applications filed by U.S. companies and their subsidiaries to set up holding companies in China will be suspended.

According to the announcement, those measures will become effective as from the time when the United States officially implements retaliations against Chinese exports and this preliminary [chu bu 0443 2975] counter-retaliatory list is announced to extensively solicit views and relevant suggestions from different circles. The deadline set by the announcement for soliciting views is 31 January 1995.

More on List

OW3112154494 Beijing XINHUA in English 1537
GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 31 (XINHUA)—The Ministry of Foreign Trade and Economic

Cooperation [MOFTEC] announced here tonight a planned counter-retaliation list vis-a-vis U.S. Trade retaliation.

The United States Trade Representative Office disregards the significant efforts China has made to protect intellectual property rights and unilaterally announced the planned retaliation against Chinese exports worth of 2.8 billion of U.S. dollars which will bring serious losses to China's foreign trade, the announcement said.

In line with Article 7 of China's Foreign Trade Law, China will have no other choice than to take the counter-retaliatory measures against the trade retaliatory measures of the United States, the announcement noted.

Article 7 of China's Foreign Trade Law stipulates that the People's Republic of China may, in the light of the prevailing circumstances, resort to corresponding measures toward any similar measures of discriminatory nature against the People's Republic of China in terms of trade.

The announced list includes:

- Tariffs on imports of all kinds of game players, game cards, cassette tapes, compact discs, cigarettes, alcoholic beverages and cosmetics produced in the United States will be increased by 100%;
- Imports of films, television programs, video tapes and laser discs produced in the United States will be suspended;
- The trade ties with the U.S. International Federation of Phonographic Industry, International Intellectual Property Alliance and Business Software Alliance will be suspended;
- The examination and approval of applications of U.S. Audiovisual manufacturers to set up branches or representative offices in China will be suspended;
- The applications filed by U.S. Chemicals and pharmaceuticals manufacturers according to China's regulations on the administrative protection of chemicals and pharmaceuticals will be suspended;
- The negotiations currently under way with U.S. Companies regarding large automobile joint venture projects will be suspended; and
- The applications filed by U.S. Companies and their subsidiaries to set up holding companies in China will be suspended.

According to the announcement, those measures will become effective as from the time when the United States officially implements retaliations against Chinese exports and this counter-retaliatory list is announced to extensively solicit views from different circles.

MOFTEC Spokesman Views U.S. Trade Sanctions

OW3112201094 Beijing XINHUA Domestic Service in Chinese 1643 GMT 31 Dec 94

[By reporter Zhang Yijun (1728 4135 0193)]

[FBIS Transcribed Text] Beijing, Dec 31 (XINHUA)—A Chinese foreign trade spokesman said here today: The responsibility for the breakdown of Sino-U.S. negotiations on intellectual property rights (IPR) rests entirely on the U.S. side. China hopes the U.S. Government will immediately correct its resulting erroneous action of imposing trade retaliations against China.

The United States Trade Representative Office announced a list of retaliation against China today. Toward that end, the spokesman of the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] issued a statement to reporters, pointing out that the U.S. action disregards the tremendous progress China has made in protecting IPR and the sincerity as well as flexibility the Chinese Government has displayed in bilateral consultations. The trade retaliation list announced by the United States is absolutely unacceptable to the Chinese Government.

The spokesman said: It is China's basic state policy to respect knowledge and talents, and the Chinese Government has always placed a great deal of importance on IPR protection not only for the interest of foreign IPR holders but also for the benefit of science and technology advancement and economic prosperity in China. On that basis, China, since the implementation of its policy of reform and opening up, has formulated and promulgated IPR protection laws and regulations up to international standards, including the "Trademark Law," the "Patent Law," the "Copyright Law," and the "Law Against Unfair Competition." At the same time, China has acceded to relevant international conventions and treaties such as the "Paris Convention on the Protection of Industrial Properties," the "Madrid Convention on International Registration of Marks," the "Universal Copyright Convention," the "Berne Convention on the Protection of Literary and Artistic Works," the "Patent Cooperation Treaty," and the "Convention on Protection of Producers of Phonograms Against the Unauthorized Duplication of Their Works."

He said: Within only slightly more than a decade, China has completed the legislation which took some developed countries decades or even a century to accomplish, and established a fairly complete system for IPR protection. With a view to effectively implementing these conventions and laws, the Chinese Government has been steadily enhancing law enforcement and cracked down resolutely on IPR violations through judicial and administrative channels.

In addition, the Chinese Government has signed bilateral memoranda of understanding [MOU's] on IPR protection respectively with the United States, the European Union, and Japan, and has been seriously fulfilling its obligations as stipulated in the MOU's.

Since the beginning of this year, China has increased its efforts to strengthen IPR protection. The Standing Committee of the National People's Congress adopted a

"Decision on Punishing the Crime of Violating Copyrights." In addition, organizations for coordinating IPR protection work throughout the country—the State Council IPR Working Conference and local working conferences—have been established. The State Council also promulgated one after another the "Decision on Further Enhancing Work on Intellectual Property Rights" and the "Regulations on the Administration Over Audio-Visual Products." The Supreme People's Court issued a "Circular on Strengthening the Trial of Cases Involving Intellectual Property Rights." Seven ministries and commissions under the State Council jointly issued an "Urgent Circular on Strengthening Administration Over the Reproduction of CD's and Laser Discs." The General Administration of Customs published the "Bulletin on the Interim Measures for Protecting Intellectual Property Rights and Stopping the Entry Into and Exit From Borders by Infringing Cargo."

The spokesman said: In dealing with acts infringing on intellectual property rights [IPR], China has continuously strengthened law enforcement to clean up the market and has adopted measures to effectively control products that infringe on IPR's.

He pointed out: The U.S. side has chosen to ignore the achievements China has made in protecting IPR's, achievements that have been recognized worldwide. Instead, it continued to raise a series of unreasonable demands in the Sino-U.S. negotiations on IPR's. Particularly during the recent bilateral consultations in Beijing, it wantonly interfered in China's judicial and legislative affairs, demanding that China revise its "Law of Civil Procedures" at a prescribed time, shorten the time for the procedure of first instance, and lower litigation fees; that Chinese courts make judicial interpretations in line with the U.S. demands within a prescribed time; that China revise its IPR laws before 1 January 1996 and meet the requirements of the "Agreement on Intellectual Property Rights Related to Trade" reached at GATT's Uruguay Round, four years ahead of what is required of a developing country. It even demanded that the Chinese Government report regularly to the U.S. Government regarding the investigation and confiscation of products that violate IPR's, until the U.S. Government is satisfied.

The spokesman said: During the negotiations between the two governments, the U.S. delegation constantly threatened China with trade retaliation and adverse effects on the restoration of China's GATT membership. What is more, while the negotiations on IPR's were entering a critical moment, the chief U.S. negotiator unexpectedly left without prior notice, unilaterally breaking up the negotiations and pushing the responsibility for the failure of reaching an agreement on the Chinese side. This has fundamentally violated the basic norm of handling inter-state affairs through negotiations on an equal footing.

He stressed: A tremendous amount of facts has demonstrated that the action taken by the Chinese Government

in protecting IPR's is serious, and its attitude toward the Sino-U.S. IPR negotiations is earnest, pragmatic, and sincere. The responsibility for the breakdown of Sino-U.S. IPR negotiations rests entirely on the U.S. side.

The spokesman said: In light of the fact that the U.S. Government does not treasure Sino-U.S. economic and trade relations and adopted trade retaliatory measures against China in disregard of the strong opposition of the Chinese people, the Chinese Government has no other choice than to take corresponding counter-retaliatory measures in accordance with the provisions of Article 7 of the "PRC Foreign Trade Law."

In conclusion, the spokesman indicated: China has consistently attached importance to economic and trade relations between the two countries and treasured the feelings of friendship between the two peoples, and it is willing to continue to work for the development of Sino-U.S. economic and trade cooperative relations and for the friendship between the two peoples. However, "China will never submit to any kind of pressure and sanctions. We hope the U.S. Government will put the overall interest above everything else and immediately correct the erroneous act of trade retaliations against China so that relations between the two countries can be improved and developed on the basis of equality and mutual benefit."

Copyright Spokesman: U.S. Criticism 'Not Convincing'

OW3112162094 Beijing XINHUA in English 1610 GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 31 (XINHUA)—Chinese authority said here today that U.S. criticism on China's copyright protection is not convincing and cannot deny the fact that the country has made a lot of progress.

"China has made unprecedentedly headway in copyright protection, which is a fact that any fair-minded people would see," a spokesman for the State Copyright Administration said shortly after the United States announced sanctions against China for the alleged infringement upon American intellectual property right.

The spokesman revealed that in 1994 China seized 1.58 million books and 2.2 million laser discs concerning copyright piracy. The crackdowns have continued, he said.

Remarkable progress has also been achieved in the protection of computer software, he added, citing law enforcement officers have smashed on illegal companies in Zhongguanchun in northwest Beijing, known as China's Silicon Valley.

"In addition to that, common people's copyright sense is being become acute," the official noted.

China have joined major international copyright conventions followed its implement of a copyright law in

1991. And efforts were increased in 1994, as the State Information Office published a white paper on the protection of intellectual property right and the National People's Congress increased the maximum term of imprisonment for copyright violators from five years to seven years.

In Beijing alone, courts have recently received dozens of suits filed by U.S. copyright owners.

"China's copyright law, which is always strictly enforced, is not a mere scrap of paper. Though there still exist copyright thefts and some cases are quite serious, Chinese government's stand for fighting piracy is clear and our practice is fruitful," the spokesman said.

"However, the United States has ignored the great progress. It's the irrational price demanded by U.S. that has triggered the failure of the Sino-U.S. talks on intellectual property right," he said.

The sanctions have fully demonstrated that U.S. has ulterior motives behind its hot words on China's copyright issue, according to the spokesman.

Copyright protection goes in line with China's development as well as its market economy process, he maintained, adding that the whole country will continue to combat copyright abuse in the future.

Spokesman Comments Further

OW0101012795 Beijing XINHUA Domestic Service in Chinese 1619 GMT 31 Dec 94

[FBIS Translated Text] Beijing, 31 Dec (XINHUA)—In connection with the U.S. Government taking retaliatory action against China under the pretext of China's alleged infringement of U.S. intellectual property rights, especially copyrights, a spokesman for the State Copyright Administration said today that China has made unprecedented achievements in copyright protection and that all unprejudiced people would see this. The U.S. side's criticism is unreasonable; the achievements made by China cannot be denied.

The spokesman said: China joined major international copyright conventions a year after its implementation of a copyright law. This year, the State Council's Information Office published a white paper on the protection of intellectual property rights and the National People's Congress Standing Committee adopted a decision authorizing seven years as the maximum term of imprisonment for copyright violators. All this shows that China's copyright protection law is sound and at a very high level.

In connection with U.S. criticism of China's weak law enforcement, he said: Since last April, the State Copyright Administration has worked together with public security, industry-commerce, cultural, and radio and television departments to concentrate efforts in cracking down on pirate laser disks throughout the country. This action is ongoing. According to an initial survey, China

has conducted investigations and confiscated more than 1.58 million copies of illegal books and more than 2.2 million pirated laser disks. The crackdown on pirated computer software at Zhongguan Village in China's Silicone Valley attracted great attention at home and abroad. Recently, China also held two national symposiums on protecting computer software with the participation of a world intellectual property right organization and IBM Company of the United States. As a result of constant efforts to publicize the law, people in China have generally increased their consciousness of copyright.

The spokesman pointed out: Concerning applications for lawsuits submitted by copyright owners in the United States and other countries, China's courts have handled all of them in a prompt manner. Courts in the Beijing area alone are now filing scores of cases based on accusations by U.S. copyright owners. He said: China's law and regulations on protecting copyright are definitely not a mere scrap of paper. Related Chinese law enforcement departments are serious about this matter. We do not want to deny that copyright pirating still exists in China and that in some cases, the situation is quite serious. However, the Chinese Government's attitude toward cracking down on copyright pirating is clear and the actions taken are effective.

He said: "The U.S. side has disregarded China's great achievements in protecting copyright and put forward unreasonable demands in talks on intellectual property rights between the two countries. This has led to the failure of the talks and now, the U.S. side has dished up a list for retaliation. This fully shows that there are ulterior motives behind the U.S. criticism of China's copyright protection."

The spokesman stated that copyright protection is necessary for China's development and a basic requirement for China's establishment of a socialist market economy and the building of the legal system. China will continue to strengthen efforts to protect copyright and crack down on various kinds of pirating so as to raise the protection of intellectual property rights to a new high level.

Reaction to U.S. Threats of Trade Sanctions

Views 'Barbarous Action'

OW0101081595 Beijing XINHUA in English 0753
GMT 1 Jan 95

[XINHUA "Commentary" by Yin Qian: "Washington's Barbarous Action Against China"]

[FBIS Transcribed Text] Washington, December 31 (XINHUA)—Using as a pretext China's so-called piracy of its intellectual property rights, the U.S. Government threatened today to impose trade sanctions against China, if its demands are not met by February 5, 1995.

U.S. Trade Representative Mickey Kantor today presented a list of 2.8 billion U.S. dollars worth of Chinese

imports—including electronic products, shoes, toys, suitcases and other goods—on which the U.S. would impose punitive tariffs of up to 100 percent if the threatened trade sanctions are imposed.

Retaliation and trade sanctions are the old tricks often resorted to by Washington in settling its trade disputes with other countries. The real motive behind this U.S. bluster is to exert pressure and force on the other side to make concessions conforming to its desires.

With such an intention in mind, the United States is trying to negate the great efforts and marked progress made by China in protecting intellectual property rights.

Kantor is quoted as saying that "to date, China has been unwilling to take the necessary steps to protect American intellectual property rights."

He even said the degree of piracy in China "has gone from bad to worse" over the past year and a half.

This accusation is totally groundless. In fact, China has completed its legislation on the protection of intellectual property rights within a dozen years, which had actually taken some developed countries several decades—or even a century—to do so.

The Chinese government, meanwhile, has been making efforts in enforcing its relevant laws and in cracking down on the piracy of intellectual property rights through both judicial and administrative means.

However, the U.S. has turned a blind eye to the conspicuous and basic facts and has repeatedly raised unreasonable demands during the Sino-U.S. talks on the issue. They have even interfered in China's judicial and legislative process.

During the talks in Beijing in mid-December, the U.S. delegation once again waved their wooden swords of retaliation and even threatened to block China's re-entry to the General Agreement on Tariffs and Trade (GATT).

What's more, the American delegates even walked out of the talks at crucial moment without informing the Chinese side, thus breaking off the negotiations. But afterwards, the American side distorted the fact and put the blame on the Chinese side.

In international trade, it is quite normal for trading parties to have differences on specific issues. These differences should be settled step by step through consultation and negotiations on the basis of equality, which is also the basic norms in dealing with international affairs.

It is, therefore, neither proper nor popular for one side to intimidate the other side with trade sanctions time and again while settling their trade disputes. And the Chinese side would certainly not accept the unreasonable demands put forward by the Americans concerning the protection of intellectual property rights.

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Over the past few years, China and the U.S. have gained good momentum in economic and trade cooperation and exchange, which is beneficial to both sides.

So, a full-fledged "trade war" will inevitably inflict losses not only on China but also on the U.S. It may even harm the interests of other countries and regions which have direct or indirect involvement in trade with China or the United States.

For this reason, the only way out for China and the United States is to take the whole situation into account and solve the Sino-U.S. disputes through dialogue on the basis of mutual respect, equality and consultation.

Trade Retaliation Threat Viewed

OW0101100695 Beijing XINHUA Domestic Service in Chinese 0639 GMT 1 Jan 95

[Commentary by XINHUA reporter Ying Qian (2019 6197): "A Rude and Unreasonable Act"]

[FBIS Translated Text] Washington, 31 Dec (XINHUA)—On the last day of 1994, the U.S. Government, on the grounds of China's so-called violation of U.S. intellectual property rights, unilaterally announced that the United States will impose trade retaliation against China if China does not satisfy U.S. demands by 5 February 1995.

U.S. Trade Representative Kantor published a list of Chinese products which are being considered for retaliation. It includes electronics, footwear, toys, suitcases, bags, and other major Chinese export products to the United States, worth a total of \$2.8 billion. After the retaliatory measures take effect, the United States will levy punitive tariffs as high as 100 percent on the aforesaid Chinese goods.

Threatening retaliation or sanctions is a practice consistently used by the United States in handling trade disputes with other countries. Its objective is no other than creating and exerting pressure and force on the other side to make concessions and to settle disputes according to U.S. desires.

To attain its objective, the U.S. side is doing all it can to negate the great efforts and universally-acknowledged progress made by China in protecting intellectual property rights. Kantor made the accusation that "to date, China has been unwilling to take the necessary steps to protect American intellectual property rights." He even said that over last one and half years, China's "violation of intellectual property rights has gone from bad to worse." This accusation is totally groundless. In fact, China has completed its legislation on the protection of intellectual property rights in as little as a dozen years, which has usually taken some developed countries several decades or even a century to do so. The Chinese Government has also been constantly strengthening its law enforcement system and resolutely combating the

crime of violating intellectual property rights through both judicial and administrative means.

However, the U.S. side has ignored these conspicuous and basic facts, repeatedly raised unreasonable demands during the Sino-U.S. talks on intellectual property rights, and even flagrantly interfered in China's judicial and legislative process. During the Sino-U.S. talks in Beijing in mid-December, the U.S. delegation once again threatened trade retaliation and exercising influence on China's GATT reentry bid. What is more, the major American delegates even walked out of the talks at crucial moment without informing the Chinese side, thus breaking off the negotiations. The U.S. side even distorted the fact and arbitrarily blamed the Chinese side for the failure to reach an agreement.

In international trade, it is normal for trading parties to have differences over specific issues. These differences should be settled step by step through consultation and negotiations on the basis of equality. This is also the basic norm in dealing with international affairs. Therefore, to threaten sanctions time and again in the handling of trade disputes is clearly an improper, unpopular, rude, and unreasonable act. The unreasonable action taken against China by the U.S. side over the issue of protecting intellectual property rights is of course absolutely acceptable to the Chinese side.

In recent years, China and the United States have gained good momentum in promoting cooperation and exchanges in the economic and trade field. This is beneficial to both sides. A "trade war" will harm not only China but also the United States, and it will affect the interests of other countries and regions which have direct or indirect involvement in Sino-U.S. trade. For this reason, the only effective way for China and the United States to settle their disputes is that both sides should take the whole situation into account and hold consultations and dialogues on the basis of mutual respect and equality to seek common ground while reserving differences.

U.S. Urged To Return to Talks

HK0201074395 Beijing ZHONGGUO XINWEN SHE in Chinese 1119 GMT 1 Jan 95

[“Commentary” by Yu Donghui (0151 2639 2547): “Harmony Brings Benefits But Confrontation Causes Damage to Both Sides”]

[FBIS Translated Text] Beijing, 1 Jan (ZHONGGUO XINWEN SHE)—At a time when we are bidding farewell to the outgoing year and ushering in the incoming one, Sino-U.S. economic and trade relations, in which development has been sought amidst friction, have suddenly become strained on account of the intellectual property rights [IPR] issue. At 2300 Beijing time [1500 GMT] on 31 December 1994, the U.S. side unilaterally publicized its retaliatory trade list against China and the latter, for its part, immediately reacted by publishing its

own counter-retaliation list. The trend of Sino-U.S. economic and trade relations, which have attracted widespread attention in the wake of China's failure to reenter the GATT, has become even more complicated and confusing.

The latest round of Sino-U.S. IPR talks was held in Beijing in mid-December, during which the U.S. side made indiscreet remarks about China's judicature and legislation on IPR protection and threatened to implement trade retaliation and affect China's effort to reenter the GATT. Later, a leading U.S. representative in the talks left without giving notice, resulting in the breakdown of the talks.

These acts, which obviously contravene the principle of consultations on an equal basis, were not sensible.

It should be admitted that in recent years China has made great efforts in the field of IPR protection, the effects of which have been universally acknowledged. In addition to formulating and promulgating a number of laws and regulations on IPR protection, which meet international standards, it has acceded to a series of international conventions and treaties and has signed bilateral memoranda of understanding with the countries concerned. Reports on the sudden inspection and seizure of counterfeit compact disks and trials of copyright infringement cases are even reported in the media from time to time.

China's IPR protection is not only aimed at protecting the rights and interests of the foreign countries concerned but, more importantly, suits the needs of its own economic, scientific, and technological development. It is believed China will continue to intensify law enforcement and raise its level of protection.

Naturally, as China covers a wide area, the development level of various localities differ in 1001 ways. In the course of establishing the socialist market economic structure and perfecting the legal system, there may be things concerning IPR protection that are beyond its power, but one cannot thus invalidate the determination, sincerity, and achievements of the Chinese Government in IPR protection.

Disregarding China's national conditions, the United States has persisted in "laying down high standards and setting strict demands" on China. This is not an attitude of seeking truth from facts. It has threatened to take retaliatory action at every turn, claiming itself to be number one, which is even more unacceptable to China.

As Wu Yi, minister of foreign trade and economic cooperation, put it, the day the United States publishes its retaliatory trade list against China is the time when China publishes its own counter-retaliation list. China has now been true to its word. This situation is not what China wanted to see, but it has all been started by the United States.

The United States plans to retaliate by imposing 100 percent tariffs on such goods as electronic products, toys, shoes, leather garments, and bicycles worth \$2.8 billion; China, however, plans to impose high tariffs on U.S. electronic games, audio tapes, and compact disks; temporarily suspend discussions on joint venture projects to produce large automobiles, and temporarily stop accepting American companies' applications to set up investment companies in China. What both parties will suffer most are the superior industries of each party. If the threatened retaliation measures are put into effect, Sino-U.S. economic and trade exchanges are sure to be adversely affected.

According to Chinese Customs statistics, in the first 10 months of 1994, the Sino-U.S. bilateral economic and trade volume had reached \$27 billion, and it is expected to top \$30 billion for the year as a whole. The United States has become China's third biggest trading partner, while the latter has become the former's ninth biggest trading partner. This situation is hard to come by. It will be a pity if the current dispute damages the good economic and trade relations between the two countries.

"Let he who tied the bell on the tiger take it off— whoever starts the trouble should end it." China hopes that the United States will weigh the pros and cons and, proceeding from the desire to safeguard the overall interest of long-standing Sino-U.S. economic and trade cooperation, will take the initiative to withdraw its retaliatory plan against China's trade by 31 January, and will return to the negotiating table.

Harmony brings benefits while confrontation causes damage to both sides. People with foresight absolutely do not wish to see a trade war break out between China and the United States.

U.S. Trade Sanctions 'Inadvisable'

OW0201134395 Beijing China Radio International in Mandarin to Asia 0900 GMT 2 Jan 95

["Short" commentary by station commentator: "Sanctions Are Inadvisable"; from the "News, Report on Current Events, and Economic Information" program]

[FBIS Translated Text] U.S. Government Trade Representative Mickey Kantor made an announcement on 31 December 1994: Because the Sino-U.S. talks on protection of intellectual property rights has broken down, Washington will immediately include in an interim list some Chinese products which could be subject to punitive tariffs. The United States would impose punitive tariffs of up to 100 percent on the listed Chinese imports, including toys, electronic products, shoes, and garments.

A short commentary by our station commentator on the issue points out: While the Sino-U.S. relations, particularly their economic and trade relations, are improving with each passing day, such a decision made by the U.S.

side is inadvisable, and it will surely yield a negative impact on the prospects of Sino-U.S. economic and trade relations.

The short commentary says: The United States made the sanctions decision because the Chinese side did not satisfy its demands with respect to intellectual property rights. It is understandable that the United States is concerned about the intellectual property rights issue. However, any demand must be reasonable. Excessive demands which are beyond the power of the other side to meet do not help solve the problem. In the United States, it took almost a century of efforts to gradually improve and perfect the protection of intellectual property rights. Over the last dozen years or so, China has attached great importance to protection of intellectual property rights and has made remarkable progress in this regard. Since 1982, it has successively enacted laws and administrative regulations on protection of intellectual property rights, including the Trademark Law, the Patent Law, the Copyright Law, the Law on Banning Unfair Competition, the Scientific and Technological Progress Law, the Regulations for Administrative Protection of Medicine, the Regulations for Administrative Protection of Agricultural and Chemical Products, and the Provisions on Implementation of International Copyright Treaty. Moreover, China has adopted a series of effective measures to ensure the implementation of those laws and regulations. Investigation groups organized by China have investigated some specific issues about which the United States is concerned, and relevant enterprises involved have been rectified [zheng dun]. Since 1988, the industry and commerce management departments in Guangdong Province alone have investigated and handled more than 300 cases of violations of U.S. trademarks. However, China is after all a developing country. Its work of protecting intellectual property rights just began not long ago, and it will take some time to perfect it. Besides, the conditions of our country are different from those of the United States. So, it is unreasonable to set demands for China according to U.S. practice. Aren't there also contradictions over the issue of intellectual property rights even between developed countries and the United States? Contradictions should be resolved through negotiations. Quite a few contradictions exist between China and the United States. Haven't some of those contradictions been resolved through repeated negotiations? To threaten with sanctions time and again is neither a fair treatment to others, nor a proper way to solve problems. In fact, sanctions cannot intimidate China. Since the founding of New China, some big powers, including the United States, have repeatedly imposed sanctions against us, but they haven't been able to block China's development. Today, no one in the world can ignore the prospects of China's economic development and turn a blind eye to the attractive market of China. Since the United States is China's important trading partner, China does not want to see a worsening economic and trade relations between the two countries, but it is unwilling to swallow any bitter pill

either. The so-called sanctions are like a double-blade sword which will harm both China and the United States. We sincerely hope that American policymakers will be more reasonable over the issue of intellectual property rights.

U.S. Decision Termed 'Unwise'

OW0301123095 Beijing China Radio International in English to Western North America 0400 GMT 3 Jan 95

[Commentator's article]

[FBIS Transcribed Text] On the last day of 1994, the United States Trade Representative's Office announced the planned sanctions against China for alleged infringements upon U.S. intellectual property rights. A CRI [China Radio International] commentator says in an article that the U.S. move will impede Sino-U.S. trade ties. Here is Xu Huazhen with more:

[Begin Xu recording] The commentator's article says the U.S. decision is an unwise one, especially at a time when Sino-U.S. trade relations are improving. According to the U.S. Trade Representative's Office, several Chinese products worth \$2.8 billion, including electronics, footwear, and toys, are being considered for retaliation. It says tariffs on these goods may be raised by up to 100 percent. The U.S. Trade Representative's Office says it is imposing sanctions because of China's unwillingness to take the necessary steps to protect American intellectual property.

The article by the CRI commentator says there seems to be some justification for the move, yet the fact is China has always placed great importance on the protection of intellectual property rights or IPR. The commentator says since the implementation of reform and opening up, China has worked out a series of laws and regulations related to this field, such as the Trademark Law, the Patent Law, and the Copyright Law. China has also participated in relevant international conventions and treaties. Within the space of a decade, China has completed the legislation which took some developed countries, including the United States, decades or even a century to accomplish. In the meantime, the Chinese Government has strengthened the enforcement of these laws and regulations. In 1994, related departments have seized nearly 3.8 million books and laser disks as part of a crackdown on copyright piracy. To protect the copyrights of computer software, law enforcement offices have smashed illegal companies in (Zhongguancun) in northwest Beijing, known as China's Silicon Valley.

The CRI commentator's article says it is regrettable that the U.S. side has turned a blind eye to China's remarkable efforts on IPR protection. It has kept making unreasonable demands in Sino-U.S. IPR negotiations. During mid-December bilateral consultations in Beijing, the U.S. side demanded that China's IPR law be amended before 1 January 1996, four years earlier than what is required for developing countries by the Uruguay

Round agreement. When negotiations entered into a critical stage, the U.S. side unilaterally suspended the talks. The commentator says: All these actions on the part of the U.S. side have violated the basic norms in handling state-to-state affairs. It is known to all that disputes between nations are unavoidable. And it is also known to all that threats of retaliation cannot solve disputes.

China is a developing nation with its own unique social circumstances which is [as heard] different from those of the U.S. Therefore, both sides should take a sincere and practical attitude toward their trade disputes. [end recording]

'Cancel' Retaliation To Allow Talks

HK0301041195 Hong Kong TA KUNG PAO in Chinese
3 Jan 95 p 2

[Editorial: "Differences Can Only Be Reconciled Through Consultation on the Basis of Equality"]

[FBIS Translated Text] As long as the two governments of China and the United States adopt an approach of mutual respect and consultation on an equal footing, it will not be difficult to reconcile their differences in the talks on intellectual property rights [IPR]. However, the United States has again and again recklessly threatened to impose trade sanctions on the other side and continues to create friction. Recently, the Office of the U.S. Trade Representative announced that the United States planned to carry out trade retaliation against a batch of Chinese exports worth a total of \$2.8 billion. This will cause major losses to China's foreign trade.

The Chinese side has every reason to take corresponding action against the U.S. side. The Chinese Ministry of Foreign Trade and Economic Cooperation has already announced a counter-retaliation list and seven counter-measures, which will come into force as soon as the United States officially implements retaliation against China's exports. It is clear that the Chinese side was forced by the U.S. side to adopt these countermeasures; that the Chinese side's hit list is reasonable, well justifiable, and restrained; and that the counter-retaliation measures of the Chinese side are aimed at correcting the erroneous practice of the U.S. side in carrying out trade retaliation against China.

Reportedly, when questioned by the press, Deputy U.S. Trade Representative Barshefsky said that the United States proposed reopening the IPR talks with China on 16 January. If the U.S. side really has sincerity to resume the talks, the Chinese side certainly welcomes its proposal. However, the deputy trade representative added that the U.S. side is neither optimistic nor pessimistic about whether agreement will be reached in the talks; if the talks fail, retaliatory action will be taken on 4 February. Obviously, the United States has not removed its threat of retaliation against China and is still exerting pressure on the Chinese side.

Over the last few years, the Chinese Government has made great progress in protecting IPR. It has formulated a legal system which measures up to advanced international levels on IPR and has completed legislative procedures which took several decades or more than 100 years for the developed countries to accomplish. In order to carry out harsh crackdowns on criminal activities infringing upon IPR and the pirating of intellectual products, and to guarantee the enforcement of the IPR law, the State Council has taken a series of major actions. It is absolutely unreasonable for the United States to make China a country for priority investigation in the field of infringing upon IPR on the basis of its so-called 301 Bill, but China still carried out talks with full sincerity and flexibility with the U.S. Government on the IPR issue for the purpose of improving and developing Sino-U.S. relations. China also sent its own investigation teams to investigate some complaints raised by the U.S. side and took action against some enterprises involved in pirating activities and against pirated products in the market.

The efforts made by the Chinese Government to protect IPR and its attitude in the talks are self-evident and completely blameless. However, the U.S. delegation continued to threaten the Chinese side with trade retaliation and with the issue of China's reentry to the GATT. In particular, the U.S. chief negotiator unexpectedly left the negotiating table when the talks had entered a critical stage. This forms a sharp contrast with the Chinese side's attitude.

China is a broad and attractive market with huge potential. The United States wants to gain greater benefits from the Chinese market, but it also fears that China will develop more rapidly through its opening. Such a self-contradictory mentality is the fundamental reason why its attitude is so frequently chopping and changing in the talks.

It is hard to achieve the purpose of benefiting only oneself and harming the other side. Those with such intentions just lift a rock only to drop it on their own feet, as the Chinese saying goes. Some people, however, act according to such stupid logic: They start doing something detrimental to other people and end up harming themselves. If the United States indeed carries out trade retaliation against China, some temporary losses will certainly be caused to China, but the United States itself will incur greater losses over a longer period of time. That is to say, the United States itself will eventually eat the bitter fruit of its retaliatory action. Even the Japanese people can clearly see this. The Japanese media have said that the U.S. Government's practice will eventually harm its own national economic interests.

President Jiang Zemin said in Jakarta more than one month ago while meeting President Clinton: Last year (1993), we met in Seattle and achieved a consensus of opinion on some major issues through our sincere and

profound discussions, thus guiding Sino-U.S. relations onto to a path of improvement and development. President Clinton expressed his agreement with this opinion on the whole. Gratifying improvements and developments indeed appeared in Sino-U.S. relations over the past year, and this did not come easily and should be cherished dearly. Jiang Zemin was right to say that by improving Sino-U.S. relations we will be able to do good things for the Chinese and American peoples and for the people of the whole world, but if our relations worsen, then it will not be good for anyone.

Historical facts show that the settlement of differences between China and the United States and the development of the two nations' friendly and cooperative relations have all resulted from dialogue and consultations on an equal footing between the two sides and never as a result of threats and sanctions. China is realistic and sensible, and will accept what is acceptable [neng jie shou de 5174 2334 0649 4104] and deal with affairs as flexibly as possible. However, it will never accept anything unacceptable [bu neng jie shou de 008 5174 2334 0649 4104] and which goes against the fundamental interests of its people no matter how great the external pressure it faces and no matter where that pressure comes from. The U.S. authorities should be well aware of this and must not have ideas about leaving things to chance.

Therefore, if the Sino-U.S. negotiations on IPR are to be resumed, it is hoped that the U.S. side will actually show its sincerity and assume a realistic attitude by being the first to cancel [qu xiao 0648 3194] its plans to carry out trade retaliation against China and thus creating a benign atmosphere for friendly and equal dialogue.

At present, the world is situated at a critical juncture in history. China and the United States thus bear greater responsibility for maintaining world peace and stability. The U.S. Government should correctly size up the situation, comply with the trend of the times, play a positive role in promoting the development of Sino-U.S. relations, and should not go against the trend and move onto an erroneous path.

U.S. Makes 'Erroneous' Judgments

HK0201083295 Beijing GUOJI SHANGBAO in Chinese
21 Dec 94 p 1

[Commentary by Wu Yue (2976 6460): "Why the U.S. Side Made Erroneous Judgments Again and Again—Commentary on Substantive Talks on China's GATT Reentry"]

[FBIS Translated Text] The talks on China's reentry into GATT have been stalled again due to major differences with some signatories. The opening up of China's market involves the actual economic interests of various sides, and this has made it difficult to come to a decision. However, what worried the people was that some signatories repeatedly misjudged the situation and demanded that China make promises which are beyond its ability to keep at this time.

Before the Chinese Government proposed the deadline that "substantive talks be concluded within the year"; specifically, in September this year, the Chinese side put forward a "package" counter offer in response to ceaseless demands for more promises, and this indeed was the final offer based on the ability of the Chinese economy at this stage. In order to show its sincerity, on this basis, the Chinese side made further concessions and improvements in the areas of the priority products and sectors that concerned the main signatories; had the signatories sensed China's sincerity at that moment, faced the reality, and lowered their expectations about China a little bit, then—even if China had not set the deadline—the substantive talks could have taken a major step forward within the year. Regrettably, the important signatories, led by the United States, made an erroneous judgment at that moment by thinking that, since China could yield on the points included in the "package," they could get more if they continued stalling. The situation forced the Chinese Government to propose the deadline.

Judging from the bilateral talks over the past three weeks, the signatory never changed its stance on demanding a high price from China; superficially, it looked as if it lacked the sincerity to solve the China issue, and, in fact, from the beginning to the end, they thought "China was making a diplomatic maneuver," and they did not accord the deadline problem adequate importance, so they made the second mistake. The price they demanded regarding market access was so "barbaric" that it was just unimaginable, and they wanted China to make promises which even the developed countries were not able to undertake in the past. The talks on trade protocol were hindered by the difference in three sectors, namely, industrial goods, farm produce, and service industry—a difference which could not be narrowed. As time passed, more problems emerged, and eventually even a very important signatory admitted that there was great disparity between rights and obligations in the trade protocol concerning China. If the relevant signatory did not understand what was meant by "the limit of endurance by the Chinese economy" after dealing with China for eight years, then it should come to grips with the meaning now that it has seen that the Chinese Government is always true in words and resolute in deed.

The United States ignored the unique features of the transformation of the system in China and took the lead in arbitrarily using free trade criterion to pressure China into opening up its market. The key problem that concerns the important signatories, such as the United States, finally concentrated on the state-run trade system and the related commercial interests, whereas, judged from China's current stance of never yielding, people cannot help wondering whether the deep-seated reason for the great difficulties in the talks on China's reentry into GATT was that the differences between the free market economic principles advocated by GATT and the transitional system in China was exaggerated as a kind of conflict which could not be mediated. When the talks

drew closer to the end, this tendency became more obvious. If we could say that such a method could reap political benefits in the years of the Cold War, then in today's world—in which economic interdependence is deepening—such a method is not different from viewing one's own economic and commercial interests as bargaining chip. If China is to condemn the United States for its lack of strategic foresight on the issue of China's reentry into GATT, then, the issue can be seen more clearly if it is put another way: The United States refused to admit, or did not understand in any way, that China's economic reform is an important factor contributing to economic and trade development in the world. This is the third as well as the most serious made by the United States. It is true that China's export has indeed maintained a great momentum, and what worries the United States is unequal competition caused by systemic factors. Maybe the Americans have never seriously considered the great import potential offered by China, including the demand for funds and technology.

The meeting of the China work team is now history. Looking at its results, people may have various guesses, but one point is serious: China insists that the substantive talks have already ended, and this shows that China will no longer accept new demands, but this does not mean it will stop the effort to return to the world trade body. Each and every crucial decision China made during the talks on rejoining GATT was closely linked to the reality of economic reform at home. If some of the enterprises in the country that were once scared by China's bid to rejoin GATT think that the pressure from opening up is now gone, then, not only will the efforts made by China in the talks over the past eight years become fruitless, but conceptual obstacles will be set up to the talks in the future, because trade protectionism in the world has already been viewed as shortsighted behavior, like drinking poison to quench a thirst.

In fact, concerning the challenge faced by China on the issue of reentry into GATT, saying that the pressure has been reduced is not as accurate as saying that the pressure has become more concrete. China does not accept the concept of artificially manipulated contradictions caused by systemic factors, but deep-level problems, such as the reform aimed at moving toward the market economy, have become more acute. The U.S. stance is inflexible as such, but it has its own "plausible explanation." Some people in U.S. entrepreneurial circles think that China's reentry into GATT is different from the issue of most-favored-nation trading status and believe that the government should secure an "acceptable" market access agreement from China. This reporter believes that what we can learn from this issue is that, when U.S. enterprises exert pressure on their government, they are doing so to expand their business, whereas, when our enterprises expect the government to protect them, they should ask whether, in the long run, they will become complacent or view exploration overseas as a strategic goal.

Northeast Asia

Murayama's New Year Message on Sino-Japanese Ties

OW3112123094 Beijing XINHUA in English 1103
GMT 31 Dec 94

[FBIS Transcribed Text] Tokyo, December 31 (XINHUA)—To attach importance to Japanese-Chinese relations is one of Japan's fundamental foreign policies, said Japanese Prime Minister Tomiichi Murayama here.

The relations between the two countries, which have been cultivated by all previous Japanese Governments, should be further advanced, the prime minister stated in his New Year Message for "Japan and China," an organ of the Japan-China Friendship Association, to be published in its January 1 issue.

He said that it is his desire to continue his efforts in fostering a more mature and future-oriented Japanese-Chinese relationship, in which he would support China's reform and opening-up policy both politically and economically.

He said that Japan would develop its relations with China in the coming new year, the 50th anniversary of the end of the Second World War, in accordance with a new Peace and Friendship Exchange Program.

Murayama highly praised the bilateral economic exchanges already conducted, noting that two-way trade between Japan and China hit a record high of 40 billion U.S. dollars in 1994.

He also stressed the importance of better mutual understanding in the true sense of the term for the building of a good bilateral relationship in the future.

Murayama Pledges To Promote Sino-Japanese Ties

OW0201094995 Beijing XINHUA Domestic Service in Chinese 0809 GMT 1 Jan 95

[By reporter Zhang Huanli (1728 3562 0448)]

[FBIS Translated Text] Tokyo, 1 Jan (XINHUA)—Answering XINHUA's written questions today, Japanese Prime Minister Tomiichi Murayama indicated that developing good Japanese-Chinese relations is one of his cabinet's basic policies, which is important not only to the two countries, but also to peace and stability in the Asia-Pacific Region.

Murayama said, in 1994 contacts between Japanese and Chinese leaders were frequent; he himself had the opportunity to meet President Jiang Zemin at the unofficial meeting of Asian and Pacific Economic Cooperation [APEC] leaders last November, the two countries' trade volume reached a record high, and the governments of the two countries reached an accord on the fourth

Japanese yen loan and strengthened their ties in many other spheres of economic cooperation.

Murayama said: "This year is an important one, being 50 years since the end of World War II. Japan will not forget to reflect on its past, and will work hard to develop steady, longstanding relations of peace and friendship with China that will continue into the 21st century. Meanwhile, I hope contacts and wide-ranging exchanges will continue between the two countries' leaders this year. I expect that these activities will further promote the two countries' mutual understanding and friendly cooperation."

Answering the question of whether the Japanese Government has any new observation on its past war of aggression on the occasion of the 50th anniversary of the conclusion of World War II, Murayama indicated that the war had inflicted losses on the Japanese people, and "Japan's aggression and colonial rule had brought unbearable suffering and grief to many people in its neighboring countries." Murayama said: "This year, the 50th anniversary of the end of World War II, Japan, while reflecting on its past, will renew its resolution to never launch another war, and will make every effort to create world peace."

Prime Minister Murayama maintained that there are still many factors of instability in the world today. He said: Under this grim situation, the international community is trying to create a framework of cooperation for peace and prosperity compatible with the new era. He indicated that, during the new year, Japan will play a creative role in developing the world economy, in settling regional conflicts peacefully, in promoting disarmament, in supporting developing countries, and in addressing global problems.

Kim Chong-il Reportedly Inspects Army Unit

OW0101171295 Beijing XINHUA in English 1623 GMT 1 Jan 95

[FBIS Transcribed Text] Pyongyang, January 1 (XINHUA)—Leader of the Democratic People's Republic of Korea (DPRK) Kim Chong-il inspected a unit of the people's army this morning and extended New Year's greetings to the officers and men, according to the Korean Central News Agency (KCNA).

After being briefed on the combat capability of the unit, Kim Chong-il made a tour of the barracks and educational facilities, delivered a speech and was photographed with the officers and men of unit 214, the news agency said.

Dalian-Seoul Air Route Opens 30 Dec

OW3012141394 Beijing XINHUA in English 1403 GMT 30 Dec 94

[FBIS Transcribed Text] Dalian, December 30 (XINHUA)—A new air route from Dalian, a port city in

northeast China's Liaoning Province, to Seoul in the Republic of Korea opened today.

Dalian City attracted the second largest investment from the ROK in China after Qingdao City in Shandong Province. The number of ROK-funded enterprises in the city reached 256 by August of this year.

The new air route was started following an increase in demand among investors and local people in northeast China, where some 80 percent of China's 3.9 million people of Korean ethnic group live.

Sino-ROK trade has grown rapidly in recent years following the establishment of diplomatic relations between the two countries. Statistics show that the volume of bilateral trade was 5.45 billion U.S. dollars during the first half of this year, a rise of 29.5 percent over the same period last year. Total trade volume is estimated at 12 billion U.S. dollars this year.

China has approved a total of 3,579 projects with ROK investment, involving a contractual value of 2.97 billion U.S. dollars.

Southeast Asia & Pacific

Li Peng Visits Grand Golden Pagoda in Rangoon

OW3012125894 Beijing XINHUA Domestic Service in Chinese 1532 GMT 28 Dec 94

[By reporters Xu Yuenai (6079 6885 0035) and Zhang Yunfei (1728 0061 7378)]

[FBIS Translated Text] Yangon [Rangoon], 28 Dec (XINHUA)—Accompanied by Khin Nynut, secretary general of Myanmar's [Burma's] State Law and Order Restoration Council, and his wife, Chinese Premier Li Peng and his wife Zhu Lin visited the world famous Grand Golden Pagoda here in the morning of 28 December.

Arriving by car at the west gate of the Grand Golden Pagoda at 0840 local time, Li Peng and his wife took off their shoes and socks according to Myanmar custom and ascended to the platform by elevator. Greatly delighted by the glittering Golden Pagoda, the premier and his wife gasped in admiration of the glorious Myanmar Buddhist culture. They also posed for group photographs there.

Approaching the vow-making stone, Li Peng was told by accompanying personnel that a vow made there will be realized. On hearing that, Li Peng and his wife stood on the stone, put their palms together, and jointly wished for prosperity and happiness in Myanmar and China.

At a Buddhist chamber in the eastern edge, Li Peng made a good-luck donation to the management of the Grand Golden Pagoda according to Myanmar customs. He also inscribed on the message book, reading "A 1000-Year Old Propitious Pagoda That Glitters for Tens of Thousands of Years."

Measuring over 100 meter in height, the 2,500-year-old Yangon Grand Golden Pagoda is respectfully looked upon by the Myanmar people as a Buddhist sacred place and a national pride.

Sino-Burmese Cargo Barges Launched 30 Dec

OW3012071894 Beijing XINHUA in English 0700
GMT 30 Dec 94

[FBIS Transcribed Text] Yangon [Rangoon], December 30 (XINHUA)—Three 800-ton cargo barges, built by Myanmar [Burma] Inland Water Transport (IWT) under a contract agreement between Yunnan Machinery Import and Export Cooperation (YMC) of China and IWT, were launched at a ceremony here today.

Myanmar Minister for Transport Lieutenant-General Thein Win, four other Myanmar ministers and Chinese Ambassador to Myanmar Chen Baoli were present on the occasion.

Under the agreement signed here on June 4, 1993, YMC of China will provide Myanmar state-run IWT with a 30 million US dollar loan to purchase and build 42 vessels.

Up to now, 22 vessels have been launched in Yangon, and six vessels are still being built by the Myanmar IWT ship yards.

Fourteen other vessels built in China will be transferred to Myanmar soon.

Jiang Zemin Hosts 'Farewell' Banquet for Sihanouk

OW3112075694 Beijing XINHUA in English 0743
GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 31 (XINHUA)—Chinese President Jiang Zemin met with King Norodom Sihanouk and Queen Sihanouk of Cambodia and gave a banquet in their honor at the Diaoyutai State Guesthouse here today.

Together, they bid farewell to the outgoing year and greeting the New Year. Jiang also gave this banquet as a farewell one since the royal couple would return home early next year.

Jiang wished the Cambodian King and Queen good health, longevity and everything going on smoothly with them in the new year. He also wished the Kingdom of Cambodia peace, stability and economic progress and its people happiness. Jiang expressed the conviction that his majesty the king's returning home would greatly inspire the Cambodian people to unite to rebuild their country.

China appreciated the King Sihanouk's view that "peace is the basis of restoration and rebuilding of Cambodia," Jiang said, adding that he hoped Cambodia could seize the historically favorable opportunity to rehabilitate and develop economy.

China hoped to see peace prevailing in Cambodia and its people enjoying a secure and stable life, he added.

King Sihanouk presented a basket of flowers to President Jiang as an expression of his warm, heartfelt New Year greeting to the Chinese president, government and the people. After wishing Jiang good health and good luck, he also expressed the hope that the Chinese people, under the leadership of President Jiang, will score still greater achievements both in the domestic work and in international affairs in the new year.

Singapore Air Force To Participate in Trilateral Exercise

OW0301092695 Beijing XINHUA in English 0906
GMT 3 Jan 95

[FBIS Transcribed Text] Singapore, January 3 (XINHUA)—The Republic of Singapore Air Force (RSAF) will take part for the first time in a trilateral exercise with the Royal Thai Air Force (RTAF) and the United States Air Force (USAF) in Thailand, the Ministry of Defense said today.

Ten F-5 Tiger fighter aircraft and some 140 personnel of the RSAF left for Thailand today, it said.

The 12-day exercise, codenamed EX COPE TIGER 95, will take place from January 5 to 16 in Korat, about 180 kilometers northeast of Bangkok, the ministry said.

During the exercise, F-5 Tigers from the RSAF's 149th Squadron, RTAF's F-16 Fighting Falcons, and USAF's F-15 Eagles will conduct air-to-air and air-to-ground combat missions, with a total of 560 personnel from the three air forces, including pilots and support crew, taking part.

The RSAF's participation in EX COPE TIGER provides opportunities for interaction and professional exchange of views between officers and men from the three air forces, the ministry commented.

It also enhances the close cooperation, mutual understanding and existing goodwill among the three air forces, it said.

Zhang Wannian Meets, Fetes Thai Supreme Commander

OW0301114495 Beijing XINHUA in English 1130
GMT 3 Jan 95

[FBIS Transcribed Text] Beijing, January 3 (XINHUA)—Zhang Wannian, Chief of the General Staff of the Chinese People's Liberation Army (PLA), met with Watthanachai Wutthisiri, Supreme Commander of the Thai Armed Forces, and his party and gave a dinner in their honor here this evening.

The Thai visitors arrived here this afternoon as Zhang's guests.

Near East & South Asia

PLO Official Urges 'Comprehensive' Israeli Pullout

OW3012233694 Beijing XINHUA in English 1843
GMT 30 Dec 94

[FBIS Transcribed Text] Tunis, December 30 (XINHUA)—The Palestinians demand a gradual Israeli pullout from the West Bank and reject a partial withdrawal, chief of the PLO's Political Department Faruq Qaddumi said today.

In an exclusive interview with XINHUA, the Palestinian official accused Israel of procrastinating the withdrawal of its troops from the West Bank under the pretext that the security of its settlements would be at stake.

He said the procrastination is a "violation of the PLO-Israeli accords."

He criticized a statement made earlier by Israeli Police Minister Moshe Shahal, which suggested that Israeli troops in the self-rule areas of the West Bank could be substituted by Israeli policemen.

Qaddumi emphasized that the PLO-Israeli Declaration of Principles calls for a withdrawal of the Israeli troops from the overpopulated self-rule areas and redeploying them elsewhere.

The Declaration of Principles was signed by the PLO and Israel in Washington on September 13, 1993.

The PLO official reiterated that the issue of Israeli withdrawal is not negotiable, adding any other options would run counter to the Declaration of Principles.

"The Israeli stand toward the implementation of the PLO-Israeli deals is not fair," he said.

He said the Israelis should start a gradual, rather than partial, withdrawal from one part of the occupied West Bank after another.

He pointed out that Israel, by means of its so-called partial pullout, tries to maintain some parts of the West Bank.

He called on Israel to start, gradually, a comprehensive pullout from the Palestinian territories so that the Palestinian National Authority might be able to run free general elections and establish democracy.

Terms Settlements 'Gross Aggression'

OW3012233794 Beijing XINHUA in English 2113
GMT 30 Dec 94

[FBIS Transcribed Text] Tunis, December 30 (XINHUA)—A senior PLO official said today that the continuing presence of Jewish settlements in the occupied West Bank will escalate tension in the Middle East and block the way to a just and comprehensive peace.

In an interview with XINHUA, the head of the Political Department of the PLO, Faruq Qaddumi, said that Israel's attempt to expand the Jewish settlement of Efrat, south of Bethlehem in the West Bank, is incompatible with the Security Council resolutions and the PLO-Israeli accord.

Such practices will block the way to a peaceful settlement of the conflict in the Middle East, he said.

Israeli Foreign Minister Shimon Peres had told PLO Chairman Yasir 'Arafat earlier that the Israeli cabinet would consider the suspension of expanding the Efrat settlement.

However, the Israeli attempt to level the ground for building new housing units near this settlement continued today.

Qaddumi also said in the interview that the Islamic Resistance Movement (Hamas) is a Palestinian patriotic movement and has the right to continue struggle against the Israeli occupation.

He said that Hamas has the right to run in the Palestinian general elections.

Israel regards Hamas, which is opposed to the peace process, as an Islamic extremist organization and opposes its participation in the Palestinian elections.

Qaddumi said that Hamas has to continue its national struggle as long as there are Israeli occupation and settlements, which constitute a gross aggression against the Palestinian people.

All Palestinian people have to resist Israel until the Israeli aggression comes to an end, he said.

Hamas has carried out a series of attacks on Israeli troops and Jewish settlers in the occupied Palestinian territories since the start of the Palestinian self-rule in Gaza Strip and the West Bank area of Jericho in May.

Political & Social

Reportage on New Year Messages, Celebrations

Jiang Zemin, Others at CPPCC Reception

OW0201061295 Beijing XINHUA Domestic Service in Chinese 0625 GMT 1 Jan 95

[By Central People's Radio Network reporter Liu Zhenying (0491 2182 5391), and XINHUA reporter Zhang Sutang (1728 1372 1016)]

[FBIS Translated Text] Beijing, 1 Jan—A new year has begun and everything has taken on a new look. This morning, the Great Hall of the People was permeated with jubilation as the Chinese People's Political Consultative Conference [CPPCC] National Committee was hosting a tea party here to mark New Year's Day 1995. Present at the reception were over 400 people, including Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao, Rong Yiren and other party and state leaders; democratic party personnel and democrats without party affiliation; persons in charge of the All-China Federation of Industry and Commerce [ACFTU]; and people of all nationalities in all walks of life in the capital.

The reception was chaired by Li Ruihuan, member of the CPC Central Committee Political Bureau Standing Committee and CPPCC National Committee chairman. On behalf of the CPPCC National Committee, he extended warm welcome to all comrades and friends present at the reception and wished them health, successful careers, and family happiness.

Jiang Zemin, general secretary of the CPC Central Committee and president of the state, gave an important speech at the reception. On behalf of the CPC Central Committee, State Council, and Central Military Commission, he wished all democratic party personnel and personnel without party affiliation well. He also extended cordial regards to workers, peasants, intellectuals and cadres of all nationalities, and to all officers and men of the People's Liberation Army, the Armed Police Corps, and public security forces. He also extended his sincere regards to countrymen in Taiwan, Hong Kong and Macao, Overseas Chinese, and foreign friends who have cared for, supported, and assisted China's modernization drive.

Jiang Zemin said: 1994 was a year in which the whole party and people of all nationalities in the whole country continued to proceed victoriously along the socialist path with Chinese characteristics; correctly handled the relationship among reform, development, and stability; and made new headway in all areas.

Jiang Zemin pointed out: In 1995, we will fully accomplish the Eighth Five-Year Plan and make the necessary preparations for the Ninth Five-Year Plan. The whole party and people of the whole country must rally even closer, uphold Comrade Deng Xiaoping's theory of

building socialism with Chinese characteristics and the party's basic line; follow through with the guidelines laid down by the 14th National Party Congress and the Third Plenary Session of the 14th CPC Central Committee; continue to adhere to the general requirements set for the whole party and whole country—namely "seizing the opportunity to deepen reform, open wider to the outside world, expedite development, and maintain stability"; continue to properly handle the relationship among reform, development, and stability; accelerate the process of building a socialist market economic system; achieve a sustained, rapid, and healthy national economic development; and firmly promote socialist ethics and the building of a democratic and legal system so as to bring about progress in all social sectors.

Jiang Zemin said: In 1994, under the guidance of the general goal, CPPCC organs, democratic parties, mass organizations, personnel without party affiliation, and representatives of all nationalities in all circles made important contributions in rallying the masses to give play to their strengths, subordinate their interest to the whole, and serve the overall interest. The CPC Central Committee adopted many good proposals that the CPPCC National Committee had put forward. We sincerely welcome you to continue to supervise our party, come forward with constructive proposals and views, and support and help us to do our jobs well.

ACFTU Chairman Jing Suping gave a speech on behalf of ACFTU, as well as all democratic party personnel and democrats without party affiliation.

During the reception, artists in the capital staged Beijing operatic shows, acrobatic shows, and songs and dances.

Present at the reception were Ding Guangen, Li Lanqing, Li Tieying, Zou Jiahua, Jiang Chunyun, Qian Qichen, Wei Jianxing, Wen Jiabao, Wang Hanbin, Zhang Zhen, Ren Jianxin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Qin Jiwei, Wang Bingqian, Wang Guangying, Cheng Siyuan, Lu Jiaxi, Buhe, Tomur Dawamat, Li Peiyao, Wu Jieping, Chi Haotian, Li Guixian, Chen Junsheng, Ismail Amat, Peng Peiyun, Luo Gan, Wu Xueqian, Wang Zhaoguo, Ngapoi Ngawang Jigmei, Hong Xuezhong, Zhao Puchu, Qian Weichang, Hu Sheng, Sun Fuling, Zhu Guangya, Wang Guoquan, Yan Jici, Fang Yi, Gu Mu, Ma Wenrui, Wang Enmao, Yang Chengwu, and others.

Also present at the reception were persons in charge of relevant departments under the CPC Central Committee, National People's Congress Standing Committee, State Council, and other central and state organs; as well as persons in charge of Beijing departments.

Jiang Zemin Speech at CPPCC

OW0101135095 Beijing XINHUA Domestic Service in Chinese 0531 GMT 1 Jan 95

[Speech by Jiang Zemin at a tea party held by the National Committee of the Chinese People's Political Consultative Conference (CPPCC) on 1 January 1995]

[FBIS Translated Text] Beijing, 1 Jan (XINHUA)—
Comrades, Friends:

In ushering in the New Year, on behalf of the CPC Central Committee, State Council, and Central Military Commission, I hereby extend my good wishes to all of you at this party and to people of all democratic parties and those without party affiliation. I also extend my cordial regards to workers, peasants, intellectuals, and cadres of all nationalities across the country; to officers and men of the People's Liberation Army, armed police officers and men, and public security cadres and policemen; and to Taiwan compatriots, Hong Kong and Macao compatriots, our fellow countrymen residing overseas, and our international friends who have shown concern for, supported, and given assistance to China's modernization work.

Over the past year, the whole party and people of all nationalities across the country continued to march forward along the road of Chinese characteristics; and correctly handled the relationships between reform, development, and maintaining stability, enabling us to make new progress in all fields of endeavor. We took a decisive step forward in building a socialist market economic system; and reform in the taxation, financial, foreign exchange, foreign trade, investment, price, and circulation systems was carried out quite smoothly. The scope of opening up to the outside world was further broadened; new development was made in economic and trade exchange with all countries. The national economy continued to grow at high speed, and industrial and agricultural production continued to increase. The domestic market was brisk and the living standards of urban and rural residents were further raised. New results were achieved in promoting socialist spiritual civilization and in building a democratic legal system. We maintained social stability while forcefully advancing reform and while the economy developed rapidly. We created a new situation in our diplomatic work; as a result, China's influence in international affairs has become increasingly stronger. Greater efforts have been made to improve the CPC's ideological building, style, and organizational work.

Of course, some difficulties and problems continue to exist while we are advancing. Our agricultural base is still relatively weak; some state-owned enterprises still have difficulties in production and operations; public security is not good in some localities; price increases have been comparatively too high; and the anticorruption task is still very arduous. Despite all these, we can say with full confidence that we definitely will be able to overcome difficulties and continue to advance our great undertaking of building socialism with Chinese characteristics.

In 1995, we will completely accomplish the "Eighth Five-Year Plan" and make necessary preparations for carrying out the "Ninth Five-Year Plan." The whole party and people across the country should unite closer; uphold Comrade Deng Xiaoping's theory of building

socialism with Chinese characteristics and the party's basic line; thoroughly carry out the guidelines of the 14th CPC National Congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee; continue to adhere to the general guideline of "seizing the opportunity, deepening reform, broadening the scope of opening up, accelerating development, and maintaining stability" in carrying out the party's and country's work; handle the relationships among reform, development, and maintaining stability in an even better manner; quicken the pace of building a socialist market economic system; enable the economy to develop rapidly, healthily, and in a sustained manner; ensure that adequate efforts are made to promote socialist spiritual civilization and to develop a democratic legal system; and strive to make progress in all social sectors.

The focus of our economic work in the new year is on checking inflation, strengthening the role of agriculture as the foundation of the national economy, and deepening reform of state-owned enterprises. In leading economic work, party committees and governments at all levels should put their energies mainly on these issues and strive to achieve practical results. We should make full use of market mechanisms, further strengthen and improve macroeconomic regulation and control, and improve the quality and efficiency of economic growth. We should regard checking inflation as the primary task of macroeconomic regulation and control, and as the key to correctly handling the relationships among reform, development, and maintaining stability, to ensure that the price increase this year will be noticeably smaller than last year's. Currently, we should first ensure market supply and price stability during the coming Spring Festival season. Strengthening the role of agriculture as the foundation of the national economy has always been the primary task in the country's economic development. We should earnestly carry out the central authorities' policy and measures on stepping up agricultural and rural work, increase agricultural investment, ensure a good job in grain and cotton production and in carrying out the "vegetable basket" project, ensure the supply of essential agricultural and sideline products, forcefully develop the rural economy, and endeavor to increase peasants' income. State-owned enterprises have played a leading role in the national economy, and have made unerasable contributions to national economic development over the last few decades. State-owned enterprises should deepen reform and continue to transform their operating mechanisms to build a modern enterprise system. While creating a good external environment for enterprises, we should do all basic work better to improve enterprises themselves, truly build up enterprises' leading bodies, improve enterprises' management, improve their product structures, accelerate technological transformation, and improve enterprises' performance. We should integrate enterprise reform with enterprises' reorganization, transformation, and scientific management. At the same time, with a view to

carrying out enterprise reform, we should properly organize various supporting reform measures and step up efforts to build a social insurance system to increase state-owned enterprises' vitality and to enable them to gain a new advantage.

Insisting on tightly gripping with two hands is an important guiding principle for building socialism with Chinese characteristics; therefore, we should implement this principle in a better manner in carrying out this year's work. As the socialist market economy further develops, we are in greater need of the powerful spiritual driving force and intellectual support provided by spiritual civilization. We should insist on putting promotion of education and science and technology in a strategic position and give priority to it. We should inject greater vitality into our cultural work. We should conduct among the masses, especially young people, in-depth education in patriotism, collectivism, and socialism; we should forcefully promote among the public the glorious traditions and good style of working diligently, of building up the country through thrift and hard work, of making vigorous efforts to make the country prosperous, and of selflessly dedicating ourselves; we should resolutely put an end to the corrupt practice of spending lavishly and excessively, which is still growing and spreading in some localities. We should endeavor to make the building of material civilization and of spiritual civilization support each other so they can develop in a coordinated manner.

We should continue to step up the building of socialist democracy and a socialist legal system; we should truly ensure the people's right to manage state affairs, economic affairs, and social affairs according to law; we should ensure a good order for the development of the socialist market economy. Whatever we do, we should fully enlist the support of the masses and bring the initiative and creativity of all into full play. Only by doing so can we overcome difficulties and ensure victory for our work. We should make vigorous efforts and take comprehensive measures to ensure social security, resolutely crack down on all kinds of crimes, resolutely eradicate all kinds of social ills, and strengthen and develop the current political stability and unity.

Party committees at all levels should seriously implement the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee; organically integrate the party's ideological education, organizational building, and improvement of work style; strive to enhance the fighting power of party organizations at all levels; and improve the party's leadership and its ability for holding office. The party committees and government at all levels should pay great attention to implementation [of policies, laws, regulations, etc.]. Leading cadres should go deep into the realities of life; conduct investigation and study; do solid work; truly implement the party's line, principles, and policies down to the grass-roots units and among the masses; and resolutely overcome the poor work style of bureaucracy, formalism, fraud, boasting, and exaggeration.

Accomplishing the great cause of reunifying the motherland is in the fundamental interest of the Chinese nation as well as a common aspiration of all Chinese people, including the Taiwan compatriots, the Hong Kong and Macao compatriots, and the overseas Chinese compatriots. We should continue to seriously make good preparations for resuming the exercise of sovereignty over Hong Kong and Macao, and to maintain stability and prosperity in Hong Kong and Macao. We will actively promote the peaceful reunification of the two sides across the strait in accordance with the principle of "peaceful reunification, and one country, two systems." The attempt to create Taiwanese independence and split China by any force is absolutely unacceptable to all Chinese people, including the Taiwan people, and is doomed to fail.

It is the common aspiration of the Chinese people and the people of all other countries to safeguard world peace and promote a common development. We believe that all countries can maintain friendly relations with each other and achieve a common development so long as they seek common ground while reserving differences, strengthen cooperation among themselves, and respect each other on the basis of equality, mutual benefit, and the five principles of peaceful coexistence.

Comrades and friends:

Over the past year, the People's Consultative Conference, democratic parties, mass organizations, public figures without party affiliation, and representatives of all nationalities and all circles, working for a great common objective, have united the masses, given play to their strength, subordinated themselves to the interest of the whole, served the interests of the whole, and made important contributions. The central authorities have accepted many good suggestions made by the CPPCC National Committee. We sincerely welcome you to continue exercising supervision over our party's work, to actively put forward suggestions and opinions, and to support and help us in doing a good work in all fields. Let us work under the guidance of Comrade Deng Xiaoping's theory on building a socialism with Chinese characteristics and the basic line of the Communist Party of China, unite and cooperate even more closely, and strive to win new victories in reform, opening up, and, modernization!

Further on Jiang Zemin Speech

OW0101092995 Beijing XINHUA in English 0850
GMT 1 Jan 95

[FBIS Transcribed Text] Beijing, January 1 (XINHUA)—President Jiang Zemin and other Chinese top leaders attended a new year reception here this morning.

The reception was sponsored by the National Committee of the Chinese People's Political Consultative Conference and presided over by Li Ruihuan, chairman of the organization.

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Speaking at the reception, Jiang said that China in the past year successfully carried out a series of reforms in key areas including banking, finance and taxation, investment, foreign exchange and foreign trade and made a decisive step forward in establishing a socialist market economic system. The national economy maintained a fast and sustained growth.

In 1995, he said, emphasis of economic work will be given to checking inflation, strengthening agriculture and deepening the reform in State-owned enterprises.

China will spare no efforts to maintain long-term prosperity and stability in Hong Kong and Macao, Jiang said.

He said that following the principle of "one country, two systems," "we will actively promote peaceful reunification of both sides of the Taiwan Straits."

"Any attempt to split China and create Taiwan independence will absolutely be rejected by all the Chinese people including the Taiwan compatriots and is therefore doomed to failure," he said.

World peace and common development are the desire shared by the Chinese and other peoples, he said.

Premier Li Peng, Chairman of the Standing Committee of the National People's Congress Qiao Shi, Vice-Premier Zhu Rongji attended the reception held in the Great Hall of the People.

Jiang Zemin 'Overseas' Message

OW3112114294 Beijing XINHUA Domestic Service in Chinese 0805 GMT 31 Dec 94

[New Year Message by Jiang Zemin given on 31 December: "Let's Usher in the New Century Together—a New Year Message to the Overseas Listeners of China Radio International and to Hong Kong, Macao, and Taiwan Compatriots"]

[FBIS Translated Text] Beijing, 31 Dec (XINHUA)—Ladies, Gentlemen, and Friends:

At a moment when the year 1995 is approaching, I am very pleased to convey my best New Year greetings through the China Radio International to the people and friends in every other country, to Taiwan, Hong Kong, and Macao compatriots, and to overseas Chinese and Chinese friends!

The year 1995 marks the 50th anniversary of the victory of the world's antifascist war, including the Chinese people's war of resistance against Japanese aggression, and the 50th anniversary of the founding of the United Nations, and will be a year in which people all over the world will continue to struggle for peace and development. So far as our Chinese people are concerned, it will be the last year for them to comprehensively fulfill their Eighth Five-Year Plan. China will resume the exercise of its sovereignty over Hong Kong two years later and over Macao four years later. And, five years later, the Chinese

people will, together with the people of every other country, enter in the 21st century. Looking into the future, we are full of confidence.

So far as China is concerned, the 20th century is one full of sufferings and struggles; it is also a century in which great historical victories have been continuously scored in China's revolution and construction through exploration and creation. The CPC with Comrade Mao Zedong as its representative led the people of all nationalities to finally found the PRC in 1949 through arduous struggles, thereby putting an end to a miserable semi-colonial, semi-feudal history and ushering in a new era in which the Chinese nation enjoys independence, keeps the initiative in its own hands, and carries out socialist construction. After having gone through trials and errors [mo suo 2307 4792] for 30 years, at last, the CPC with Comrade Deng Xiaoping as its representative found the correct road for building socialism with Chinese characteristics and ushered in a new period of China's modernization. China enjoyed political stability, national unity, economic development, and social progress and continuously improved the people's living standards in the past 16 years. We are fully aware that China's economy and education [wen hua 2429 0553] are still relatively backward, that we shoulder heavy responsibilities for realizing modernization and the road to this end is long, that we must not slacken our efforts in the slightest degree, that we must go all out to make the country strong, and that we must continue to forge ahead.

The year 1994 which just passed was one in which China continued to score victories in its reform and development. In the year, China smoothly carried out a series of major reforms, including [reform of the] banking, fiscal and taxation, investment, foreign exchange, and foreign trade; took a decisive step in the establishment of a socialist market economic system; and continued to maintain momentum of rapid national economic development. In 1995, China will continue to properly handle the relationship between reform, development, and stability; focus its economic work on strengthening agriculture, deepening the reform of state-owned enterprises, and reining in inflation; continue to guarantee sustained, rapid, and healthy national economic development [bao zheng guo min jing ji chi xu kuai su jian kang fa zhan 0202 6086 0948 3046 4842 3444 2170 4958 1816 6643 0256 1660 4099 1455]; and continue to promote sweeping social progress.

Friends, peace and development are still the two major themes of the world today. The Chinese nation made important contributions to the civilization and progress of mankind in history. China lagged behind other nations in nearly a century before the founding of New China. There are a lot of things that we must do now. The most important thing is to promote China's economic development. China has a population which accounts for more than one fifth of the total of mankind. China's development and prosperity will be a new, important contribution to not only the cause of progress in Asia, but to that of all mankind.

Safeguarding peace, respecting one another, strengthening cooperation, and promoting development are common aspirations of the peoples of various countries. The two world wars in this century have brought great sufferings to the whole of mankind, including the Chinese people. Past experience, if not forgotten, is a guide for the future. China has always held that all countries should get along with, instead of confronting, one another, seek common ground while reserving differences, and not force their own views on others. They should respect one another and the strong should never bully the weak. World history and reality have repeatedly proven that any acts of hegemonism and power politics are unpopular, and that any country that considers only its own interests and harms the interests and obstructs the development of others will eventually eat its own bitter fruit.

China is an important force in maintaining world peace and stability. In 1994, China had fairly frequent exchanges with other countries and new progress was made in promoting friendly and cooperative relations with various countries. In 1994, Chinese leaders met with leaders of many countries at home and abroad. They approached issues on bilateral relations and of common interest in a constructive manner and reached broad consensuses, which have increased mutual understanding, trust, and cooperation. In 1995, we welcome more friends to see China personally. China will actively participate in all kinds of activities marking the 50th anniversary of the end of World War II and the founding of the United Nations, and do a good job in organizing the Fourth World Women's Congress of the United Nations in Beijing. In the coming new year, China will continue to make efforts in international affairs to promote the cause of world peace and development.

Friends, our basic stand and principle on Hong Kong issue remain firm. Whatever happens, China will resume its sovereignty over Hong Kong on schedule and is full of confidence in maintaining long-term prosperity and stability in Hong Kong. The good cooperation between China and Portugal on the Macao issue is favorable to the future of Macao. We believe that China and Portugal will continue their friendly cooperation and eventually accomplish a smooth transfer of Macao to China. There is only one China in the world and Taiwan is a part of China. The peaceful reunification of the two sides of the strait is the trend of the time and the desire of the people; it conforms to the basic interests of the entire Chinese nation. Any forces aiming at splitting the motherland and making Taiwan become independent are unacceptable to all Chinese people, including those in Taiwan. Such plots are doomed to failure.

Friends, the Chinese people are willing to make concerted efforts with peoples of all countries to bring a peaceful, stable, prosperous, and progressive world into the new century, in which the light of early dawn is visible. Let me extend my best wishes to you again!

Thank you!

Further on Jiang Zemin Message

OW3112081994 Beijing XINHUA in English 0804
GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 31 (XINHUA)—Jiang Zemin, president of the People's Republic of China, greeted overseas listeners of China Radio International today on the eve of new year's day.

In his message entitled "Let's Usher in the New Century Together," Jiang extended his best greetings to peoples and friends of all countries, compatriots of Taiwan, Hong Kong and Macao, overseas Chinese and Friends of Chinese origin, through China Radio International.

The year 1995 marks the 50th anniversary of the victory of the anti-facist war, which includes the Chinese people's war of resistance against Japanese aggression, and the 50th anniversary of the founding of the United Nations. It will be a year in which the peoples of the world will continue their struggle for peace and development, he said.

For the Chinese people, 1995 will be the last year in their efforts to fulfil the Eighth Five-year Plan in an all-round way. China will resume the exercise of its sovereignty over Hong Kong in another two years and Macao in another four years. And in another five years, the Chinese people will, together with the peoples of all countries, enter in the 21st century, Jiang noted. Looking into the future, "we are full of confidence," he stated.

He called the 20th century as one full of sufferings and struggles for the Chinese people. "It is also a century in which great victories have been achieved one after another by the Chinese people in their revolution and construction."

In the past 16 years, he said, China has enjoyed political stability, national unity, economic development, social progress, and continued improvement of people's living standard. "We are fully aware that China's levels of economic and cultural development are still relatively low. And the task is heavy and the road is long for China to realize its modernization program," Jiang said.

"We should never relax. On the contrary, we must work hard and continue to march forward," the Chinese President continued.

The year 1994 is a year in which China's reform and development continued to achieve successes. In the out-going year, he said, China successfully carried out a series of reforms in key areas including banking, finance and taxation, investment, foreign exchange and foreign trade, made a decisive step forward in establishing a socialist market economic system, and the national economy maintained a fast and sustained growth.

In 1995, he said, China will continue to do a good job in handling the relations among reform, development and stability.

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In economic work, he said, emphasis will be given to strengthening agriculture, deepening the reform in State-owned enterprises and checking inflation, to make sure that the national economy will continue its sustained, fast and healthy development, and to continue to promote overall social progress.

Jiang said that peace and development are still the two major issues of the contemporary world. In history, the Chinese nation made important contributions to the civilization and progress of mankind. However, in nearly 100 years before the founding of New China, the country lagged behind.

Jiang said China has a lot of things to do today. But the most important thing is to develop the country's economy.

China has a population which accounts for one fifth of the world's total. The development and prosperity of China will be a new and important contribution not only to the progressive cause of Asia, but also to that of the whole mankind, he said.

Safeguarding peace, mutual respect, strengthening cooperation and promoting development are common desires of the peoples of various countries. The two world wars which happened in this century had brought enormous sufferings to the whole mankind including the Chinese people.

"We should not forget the past, and we should draw lessons from it," Jiang said.

China holds, as always, that countries should be friendly and not antagonistic to one another. They should seek common ground while reserving differences and not force others to accept one's will. They should respect one another and the strong should not bully the weak.

The Chinese President continued both world history and the reality have repeatedly proved that all acts of hegemonism and power politics are unpopular. Any country that considers only one's own interest and infringes upon other's interest, and creates obstacles for the development of other countries will eventually eat one's own bitter fruit.

China is an important force in safeguarding world peace and stability, he said. 1994 saw frequent exchanges between China and other countries. And new progress was made in promoting friendly cooperative relations between China and various other countries.

In 1994, he said, Chinese leaders met with leaders of many countries and discussed constructively with them issues of common concern and reached broad consensus. All these, he said, have promoted mutual understanding, trust and cooperation.

In 1995, China welcomes more friends to come to China and see the country with their own eyes. China will actively participate in various international activities to

mark the 50th anniversary of the ending of the Second World War and the 50th anniversary of the founding of the United Nations.

Jiang said that China will do a good job in organizing in Beijing the Fourth World Women's Congress of the United Nations.

In the coming year, he said, China will continue to make efforts in international affairs to promote world peace and development.

China's stand and policy towards Hong Kong remains firm and unshakable, Jiang said. No matter what happens, China will resume the exercise of its sovereignty over Hong Kong on schedule, and it is fully confident of maintaining long-term prosperity and stability in Hong Kong.

On the Macao issue, Jiang said, the good cooperation between China and Portugal on the issue of Macao will benefit Macao's future. "It is our belief that China and Portugal will continue their friendly cooperation and eventually accomplish the smooth transfer of Macao to China," he said.

He stressed that there is only one China in the world, and Taiwan is part of China. Peaceful reunification is the general trend and common desire of the people on both sides of the Straits, and it confirms to the fundamental interests of the whole Chinese nation.

"People who wish to separate the motherland, and advocate Taiwan independence will absolutely be rejected by all the Chinese people including the Taiwan compatriots. And their attempts are doomed to failure," he said.

Jiang, at the end of his New Year speech, said, "the light of early dawn of the new century is visible. The Chinese people are willing to join hands with the people of all countries in their concerted efforts to bring a peaceful, stable, prosperous and progressive world to the new century."

Leaders Attend Opera

OW3012170994 Beijing XINHUA in English 1557
GMT 30 Dec 94

[FBIS Transcribed Text] Beijing, December 30 (XINHUA)—Chinese Peking Opera artists gave a special performance to celebrate the New Year of 1995 this evening in Zhongnanhai, headquarters of the Central Committee of the Communist Party of China and the State Council.

Chinese President Jiang Zemin, chairman of the Standing Committee of the National People's Congress Qiao Shi, Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference, Vice-Premier Zhu Rongji and Liu Huaqing, vice-chairman of the Central Military Commission, watched the performance.

Following the performance, the Chinese leaders extended New Year's greetings to the performers.

Qiao Shi Attends Concert

OW0101093295 Beijing XINHUA in English 0906 GMT 1 Jan 95

[FBIS Transcribed Text] Beijing, January 1 (XINHUA)—Qiao Shi, Chairman of the Standing Committee of China's National People's Congress, attended a New Year concert Saturday [31 December] evening given by Chinese musicians now residing overseas.

The troupe was composed of 34 young Chinese musicians studying abroad who play key roles in different symphony orchestras in the United States.

During the concert named "Homecoming", they played pieces by Bach, Tchaikovsky, Grieg and Chinese composer Ma Sicong.

Qiao went on to the stage to congratulate the musicians at the end of the concert.

The musicians, taking the new year vacation, practised and gave a performance in Los Angeles before coming back to China. They are scheduled to tour Southeast Asian countries.

Tianamen Flag-Raising Attracts 100,000

OW0101044295 Beijing XINHUA in English 0256 GMT 1 Jan 95

[FBIS Transcribed Text] Beijing, January 1 (XINHUA)—Some 100,000 people attended a national flag-raising ceremony at Tiananmen Square, downtown Beijing, early this morning to mark the first day of 1995.

Many watchers, including students and elders from other parts of the country, had been waiting for the occasion since three o'clock at the square.

Being live-televised by the Beijing Television Station, the ceremony lasted for two minutes and seven seconds. It was accompanied by the national anthem played by a 60-member military band.

The guards of today's performance, with an average age of 20, were the third group since China regularized its Flag-Raising ceremony on May 1, 1991.

The flag-raising-and-lowering ceremony at Tiananmen Square has become part of the education on patriotism in China in recent years. The ceremony attracted 4.3 million spectators in 1994, 30 percent of whom were young people.

RENMIN RIBAO New Year Editorial

OW3112153494 Beijing XINHUA Domestic Service in Chinese 1133 GMT 31 Dec 94

[RENMIN RIBAO Editorial: "Know the Overall Situation and Take Advantage of It To Advance—A New Year's Day Congratulatory Message"]

[FBIS Translated Text] Beijing, 31 Dec (XINHUA)—The year 1994 is an unforgettable year of reform, development, and stability.

The year 1995 will be another year of hope, hard work, and victory.

The year which has just passed is worth being recorded in letters of gold in the history of China's reform, opening up, and socialist modernization.

This year, the whole nation, working as one, has fought a considerably remarkable battle of storming heavily fortified points in reform. Breakthroughs have been made in major reforms of finance and taxation, banking, foreign exchange and foreign trade, investment, and pricing systems. The state's macroeconomic regulation and control have been strengthened and improved. A solid, crucial step has been taken in establishing the socialist market economic structure. The country has been open wider to the outside world, its annual total import-export trade volume has exceeded \$200 billion for the first time, and its foreign exchange reserve has increased by a large margin. The investment made in China by influential, large international consortiums and enterprises has increased remarkably.

This year, our gross domestic product increased by 11.8 percent as compared with the previous year, and our national economy kept up its momentum of sustained, rapid, and healthy development. We still reaped comparatively good agricultural harvests despite serious natural disasters. Key state communications, energy, and other construction projects maintained a good trend of progress. In particular, the formal start of construction of the Three Gorges Project—the world's largest key water control project—has attracted worldwide attention and inspired people across the country.

In this year, General Secretary Jiang Zemin proposed that our propaganda and ideological work must be done, under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and it must arm people with scientific theories, guide people with correct media opinion, mold people with a lofty spirit, and inspire people with outstanding literary and art works. His proposal has struck root in the hearts of the people and become a conscientious action of the vast number of propaganda and ideological workers. An upsurge of studying, doing research on, and publicizing Comrade Deng Xiaoping's theory on building a socialism with Chinese characteristics is rising across the country. The cadres and the masses have enhanced their understanding of the theory's spiritual essence and historical role and raised their awareness and firmness in upholding the party's basic theory and basic line without wavering. The Fourth Plenary Session of the 14th CPC Central Committee made overall arrangements for stepping up party building under the conditions of the socialist market economy. The implementation of this new great project [party building] will provide an effective organizational guarantee for winning new victories in reform, opening up, and modernization.

The course of struggle in 1994 has told us how timely and correct it was for the Party Central Committee to lay down for the whole party and the whole country the general task of "seizing opportunity, deepening reform, opening up wider, promoting development and maintaining stability" early this year. This important guiding principle fully embodies the requirements of the party's basic line of "one central task and two basic points," sums up to a high degree the basic contents of the party's work in a period to come, and completely conforms to the guidelines of Comrade Deng Xiaoping's 1992 important talk and the 14th Party National Congress. It was precisely because of the leadership of the party Central Committee with Comrade Jiang Zemin at its core and it was because we let the 20-character principle [the principle of seizing opportunity, deepening reform, opening up wider, promoting development and maintaining stability] play a dominant role in all work that the whole party and the people of all nationalities across the country could forge ahead in the face of many conspicuous contradictions and difficulties, make great achievements, and bring about a gratifying situation in the political, economic, cultural, military, diplomatic, and social fields. The practice proves that allowing the 20-character principle play a dominant role in all work is a general principle for use to firmly adhere to, not only in 1994, but also in the new year and a long period to come.

The year 1995 is the last year of the Eighth Five-Year Plan for economic and social development, a year to make necessary preparations for beginning the Ninth Five-Year Plan, and a year linking the past and the future. More arduous and more glorious and proud tasks lie ahead of us. Generally speaking, the current international situation is favorable for us. Multipolarization of the world structure is being accelerated. Safeguarding peace and promoting development are the two major issues which urgently need to be resolved in the international community. The great undertaking of building a socialism with Chinese characteristics will show even more dazzling brilliance so long as we enhance our sense of mission and urgency, be more concerned about the country and the people, seize opportunity, and concentrate on doing our work well.

Seeking unity of thinking, assuming responsibility for the overall situation, improving coordination, and fulfilling tasks in a down-to-earth manner are the guiding ideology that we should implement in the new year. It is necessary to further arm the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics so as to enable the vast numbers of party members and cadres to identify their thinking with the central authorities' line, principles, and policies, work aggressively, carry out the central authorities' policies in their respective areas and departments in a down-to-earth manner, develop the productive forces, enhance the comprehensive national power, and improve the people's lives.

Economic construction is the central task of all our work. In the new year, we must resolutely implement the

general guiding ideology decided upon by the recent central economic work conference; further do a good job of properly handling the relationship between reform, development, and stability; expedite the establishment of a socialist market economic system; and bring about sustained, rapid, healthy national economic development [shi xian guo min jing ji chi xu kuai su jian kang fa zhan 1395 3807 0948 3046 4842 3444 2170 4958 1816 6643 0256 1660 4099 1455] as well as sweeping social progress. We must successfully fulfill all the tasks of this year's economic work and, in particular, rein in inflation, deepen the reform of state-owned enterprises, and promote economic development and prosperity in all rural areas. While endeavoring to successfully carry out the economic work, we must vigorously promote new and greater development of the undertakings of science and technology, education, culture, public health, and physical culture.

In the new year, we must persist in grasping two links at the same time and in adopting a tough stand on both; organically integrate the building of material civilization with that of spiritual civilization and make them promote each other; and continue to promote the main theme by making unremitting efforts to conduct education in patriotism, collectivism, and socialism among the broad masses of the people and youngsters. We must continue to strengthen the building of socialist democracy and a socialist legal system, improve comprehensive management of public security, resolutely crack down on economic crimes and criminal activities, and safeguard national interests, the interests of the masses, and the normal order in society.

In the new year, we must conscientiously do a good job of carrying out the new, great project of party building in compliance with the requirements of the "Decision" of the Fourth Plenary Session of the 14th CPC Central Committee. We must continue to give priority to ideological education; conscientiously strengthen the building of party organizations; and further improve the party's work style. We must adhere to the purpose of serving the people wholeheartedly, require party and government organs to step up efforts to keep their employees honest and industrious, and conduct the anticorruption campaign thoroughly and over a protracted period of time. It is necessary for leading cadres at all levels to conscientiously improve the work style and methods of leadership, have the whole situation in mind, be concerned about the masses, and implement the central authorities' policies and serve the people in a better way.

"On festive occasions, more than ever, one thinks of one's dear ones far away." In the new year, we must continue to vigorously promote the great undertaking of the motherland's reunification. The countdown for the schedule of Hong Kong's return to the motherland has already begun. The day on which Macao returns to the motherland is also approaching day by day. Hundreds of millions of descendants of the Yan and Huang emperors

look forward with impatient expectancy to the realization of the reunification of the motherland, which is their great aspiration. We must, as always, make joint efforts with Taiwan, Hong Kong, and Macao compatriots and with overseas Chinese to expedite the process of the reunification of the motherland on the basis of the great concept "peaceful reunification and one country, two systems" proposed by Comrade Deng Xiaoping.

The toll to be sounded at the turn of the century is getting nearer and nearer. The year 1995 will be a very important one on our journey to strive for the fulfillment of the great objective at the end of this century. Under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, the whole party and the people of all nationalities across China must unite more closely than ever, work hard, be eager to make progress with a pioneering spirit, and do an even better job in fulfilling all the tasks for reform, opening up, and socialist modernization in 1995, so as to put a satisfactory period at the end of the "Eighth Five-Year" Plan and compose a majestic prelude for the "Ninth Five-Year" Plan.

CHINA DAILY New Year Message

HK3112065394 Beijing CHINA DAILY in English 31 Dec 94 p 4

["China Daily Commentary": "New Year Message"]

[FBIS Transcribed Text] Today is the last day of 1994 and tomorrow a new year will begin.

In the present year China scored remarkable achievements in various fields. By pushing forward reforms, the national economy registered fast development while social stability was firmly maintained. In anticipation of the coming year the Party and central government have made comprehensive preparations at the recent Party Central Committee Plenary Session and the Central Economic Work Conference. Guidelines and specific main tasks in reform and economic development for the next year have already been made known to the public.

There are several points that can hardly be overstressed when we look into 1995.

The first is the effective curbing of the unbridled price hikes and inflation.

In spite of the government prediction at the beginning of this year that the price rises should be kept below 10 per cent, they actually rose above 20 per cent on average for the year.

People are very sensitive to price hikes because they strike the wallet.

Unless controlled, the spectre of inflation will not only erode personal incomes but may eventually erode people's confidence, producing an undesirable negative effect on social stability.

We hope prompt and effective steps are taken to ensure a better job in this regard next year.

The second point that needs urgent attention is agriculture. It should always be given top priority truly and conscientiously, despite the fact that China has had good harvests for years in succession. Havoc done by natural disasters and the uncertain and sluggish output increase in recent years all indicate that to boost agriculture—its infrastructure in particular—is a most urgent task, especially for such a populous country.

Investment in agriculture should be increased even at the expense of decreasing the rate of industrial development, as resolved upon at the recent economic conference.

Unless substantial change for the better is effected in agriculture and in the income of rural farming population, the whole national economy will be on a weak and insecure footing.

Moreover, thriving agriculture will guarantee a plentiful supply of grain and subsidiary foods for the people as well as raw materials for industries. This will in turn play a positive role in inhibiting inflation and ensuring smooth implementation of the reform measures.

The third point needing attention is the reform of State-owned enterprises. In the new year they will focus on raising quality and efficiency so that they can continue to play a leading role in the national economy.

The aim is to establish a modern enterprise mechanism which will operate effectively in the market economy and be better integrated with the world economy. It is wise for the government to choose 100 or so large and medium-size State-owned enterprises for reform experiments so that some breakthrough will be made and experiences gained for the nation.

Last but not the least is the fact that our government has re-affirmed that our fundamental policy of reform and opening up to the world will remain unchanged. Despite strenuous and sincere efforts China so far is still denied access to the Gatt. However, China will continue to strengthen trade and economic co-operative ties with all foreign countries on the basis of equality and mutual benefit.

The year 1995 is the final one of our Eighth Five-Year Plan. While seeking a successful conclusion of the plan under execution, China will set about drawing up the Ninth Five-Year Plan next year. For this reason, whether the economic operations proceed well in the coming year will have an important impact on the years ahead. A stable and fast developing China is in the interests of the world.

In this short New Year message, let us speak up in a down-to-earth manner and wish our fellow countrymen and people the world over a happy and prosperous New Year.

CHINA DAILY on Top Stories of '94

HK3112064694 Beijing CHINA DAILY in English 31
Dec 94 p 2

["Top Domestic News of '94"]

[FBIS Transcribed Text] The following are the top 10 domestic news events in 1994, as selected by China Daily:

Monetary reforms

Starting on January 1, the government launched reforms in the country's taxation and foreign exchange system. It replaced the previous dual-track foreign exchange practice with a "unitary and controlled floating exchange rate system."

It introduced a new tax system based on value-added tax, under which the central and local governments split the taxes and each collects its own.

China also set up three policy banks this year—the State Development Bank, the Export and Import Bank of China and the Agricultural Development Bank of China. They are designed to provide longer-term, subsidized credits for key State projects in line with government industrial policies.

These measures are key reforms needed for a socialist market economy.

Three Gorges Project

Construction of the mammoth Three Gorges Dam project in Hubei Province began on December 14. The world's largest water conservation undertaking—designed to generate power, control flooding and facilitate shipping—is to be completed by 2009. It will cost 90 billion yuan (\$10.6 billion) at current prices.

Party building

The Fourth Plenary Session of the 14th Central Committee of the Communist Party of China was held in Beijing from September 25 to 28. The plenum adopted a decision to strengthen Party building. The decision focuses on improving the Party's leadership, raising the standard of the Party as a ruling party, and promoting reform and socialist modernization.

Gatt Talks

The Gatt Working Party on China, meeting in Geneva for a 19th round of talks, failed to conclude by December 20 substantive negotiations on China's re-entry into the world trade club. This prevented China from re-entering Gatt this year. Gatt will be replaced by the World Trade Organization early next year.

China accuses a small number of Gatt signatories of lacking sincerity and putting excessive demands on China during the negotiations.

Deng's works

The second edition of the first two volumes of the "Selected Works of Deng Xiaoping" was published and became available in bookshops across the country on November 2.

Four articles are added to the original first volume and 14 to the second volume. They serve as a concentrated expression of some important ideas put forth by Deng in the mid-1970s and early 1980s.

The Party Central Committee issued a circular urging all Party members to study the two books to gain a grasp of the originality, formation and development of Deng's socialism theory, and to learn what socialism is and how to build socialism with Chinese characteristics.

Labour Law

The Eighth Session of the Standing Committee of the Eighth National People's Congress adopted the Labour Law on July 5. The law, to take effect tomorrow, spells out the rights and obligations of business managers and employees. It is considered the most significant piece of legislation to protect Chinese workers' interests.

Earlier, the government decided that the country's six-day, 48-hour work week would be cut by half a day, or four hours, nationwide on March 1. Workers can rotate shifts to have a whole Saturday off every other week.

Hong Kong Issue

The Ministry of Foreign Affairs said on February 25 that Britain had slammed the door on negotiations about Hong Kong's political future after the territory's Legislative Council passed the partial [as published] "political reform" bill proposed by Hong Kong Governor Chris Patten.

On the same day, China's Hong Kong and Macao Affairs Office made it clear that any system forged under the Patten plan, including the Legislative Council itself, would be terminated when China resumes sovereignty over Hong Kong on July 1, 1997.

At the closing meeting of the Ninth Session of the Standing Committee of the National People's Congress on September 1, legislators endorsed a bill to terminate Hong Kong's last legislative council, city government, district government and district board on June 30, 1997.

Diplomatic Activities

It was a busy year for diplomatic activities. Top Chinese leaders, including President Jiang Zemin and Premier Li Peng, visited more than 20 foreign countries and attended many important international conferences. The activities promoted understanding and good neighbourly relations between China and the rest of the world and expanded trade ties, which are an increasing focus of China's foreign policy.

Fire tragedies

On November 27, a fire killed 233 people in a dance hall in Fuxin, Liaoning Province. On December 9, another deadly inferno killed 325 people and badly injured 130 in Karamay, in the Xinjiang Uygur Autonomous Region. Most of the victims in the first fire were students and in the second schoolchildren.

In the wake of the tragedies, the State Council and several ministries issued circulars demanding thorough fire safety checks nationwide. Several top leaders of the two cities were disciplined or removed from their posts, and those directly responsible for the incidents have been prosecuted.

Qiandao Lake case

On March 31, 24 Taiwan tourists, along with eight mainland guides and pleasure boat crew members, were robbed and killed by three local criminals on Lake Qiandao, Zhejiang Province. The case was solved within three weeks, and the three criminals were convicted and executed.

XINHUA Greetings to Media

OW0101105295 Beijing XINHUA Domestic Service in Chinese 1459 GMT 31 Dec 94

[XINHUA NEWS AGENCY message to newspapers and radio and television stations]

[FBIS Translated Text] Comrades of all newspapers, radio stations and television stations:

On the eve of 1995, we wish to extend our festive regards and greetings to you.

During the past year, various newspapers and radio and television stations have enthusiastically supported the work of this news agency. We wish to express our heartfelt thanks. In particular, we wish to express our high respects to editors and technical personnel who have directly handled XINHUA items.

In the new year, we will closely center on the overall interests of the party, give full play to our advantage of being the general source of information, and work together and join efforts with our fraternal units in press circles to effectively publicize Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and new achievements in carrying out reform, opening up, and promoting socialist modernization. We will make reports on the changing world situation in a more prompt and correct manner, and serve newspapers and radio and television stations in a better way. We sincerely expect your constant criticism and suggestions, and hope you will continue to give us support and help in various ways.

Comrades, we wish you success in your work and good health, and wish various newspapers and radio and television stations even greater prosperity in the new year.

XINHUA News Agency

31 December 1994

Medical Team Advises Deng To 'Go South'

HK3112043294 Hong Kong SOUTH CHINA MORNING POST in English 31 Dec 94 p 10

[By Willy Wo-lap Lam]

[FBIS Transcribed Excerpt] Patriarch Deng Xiaoping intends to spend Lunar New Year in Shanghai, but whether he will make a public appearance depends on the state of his health.

Chinese sources said Mr Deng's medical team had advised him to "go south" earlier than normal to escape Beijing's winter.

Mr Deng has spent every Lunar New Year since 1990 in Shanghai, where he usually hosts talks with municipal leaders on local development.

The sources said, however, it was not certain whether he would be seen on television this time.

The patriarch's brief TV appearance during the last Lunar New Year was considered a public relations disaster because he looked terribly frail.

Since early last month there have been many reports that Mr Deng had already gone to Shanghai. Analysts said should Mr Deng's health deteriorate and he fail to make a longexpected public appearance in the Lunar New Year, the propaganda machinery had "pretexts" aplenty. [passage omitted]

Deng Said To Spend Spring Festival in Shanghai

HK3112072094 Hong Kong CHING PAO in Chinese No 210, 5 Jan 95 p 22

[By Yu Chia-hsiang (0060 1367 7534): "Latest News About Deng Xiaoping"]

[FBIS Translated Text] Deng Praises Jiang Zemin for Being Able To Grasp the Overall Situation

According to a source in Beijing, with economic growth at around 11 percent 1994 was still a year of rapid growth for mainland China.

Deng Xiaoping is satisfied with this and said that they (referring to Jiang Zemin and others) have done a good job this year. This shows that they are capable of grasping the overall situation and leading (the whole party and the people of the whole country) forward and that they can be trusted. They have basically carried out the work themselves. We old people have not been meddling but have given them some support at most, which has a limited function. This shows that even if we are no longer alive, the sky will not fall. Giving a free hand means support and so does nonintervention. This has always been my stand and this practice is seemingly

correct and sensible. The new leading collective of the party Central Committee should have full confidence in themselves. The main theme of the Fourth Plenary Session (of the 14th CPC Central Committee) is correct. Democratic centralism is our magic weapon. So long as the Communist Party does not have problems internally, follows a correct path, has a staunch leadership core, unifies the will of the whole party, and strives to do a few important tasks this century and the next to substantially increase China's comprehensive national strength, I think China has great prospects.

Deng Still Plans To Spend Spring Festival in Shanghai

Deng still plans to spend the Spring Festival in Shanghai this year. He said: My last personal aspiration in this life is to go to Hong Kong personally in 1997 to have a look. Prior to that, I like the city of Shanghai very much. There are great changes there every year and it makes me happy to see it. Naturally there have also been great changes in Beijing over the past few years. The same is true everywhere. However, Shanghai is still important, its location is important, and it has a lot of advantages. We shall probably have a clearer picture if we look at China from Shanghai. It is said that Chen Xitong, secretary of the Beijing Municipal CPC Committee, had asked Deng Xiaoping, on behalf of the people of Beijing to spend Spring Festival in Beijing this year. The reason is that at the Spring Festival get-together last year, Premier Li Peng told Chen Xitong and others: "Comrade Xiaoping has been spending the Spring Festival in Shanghai over the past few years. Can it be that you have not done a good job in this respect? You should make clear your wish without fail." At that time, Chen said that he would certainly ask Deng to stay in Beijing to pass Spring Festival. It is still not decided whether Deng will accept the hospitality of the Beijing Municipality. It is possible this ultimately depends on the views of Deng's doctors.

Deng Deliberately Reduces His Influence

It can be ascertained that there is still nothing seriously wrong with Deng's health so far. From all his words and deeds since last year, we can see the political elder's trend of "fading out politically." The fact that he has given more credit than criticism to the CPC's present top-level leading collective shows that he fully approves the current handover of power and the arrangements. Although he is the symbol of supreme power in China today, he cannot possibly make another political choice. He is deliberately reducing his own political influence.

Li Lanqing Addresses Seminar on Deng's Works

OW3112061094 Beijing XINHUA Domestic Service in Chinese 1208 GMT 17 Dec 94

[FBIS Translated Text] Beijing, 17 Dec (XINHUA)—At a seminar to study the "Selected Works of Deng Xiaoping" and the theory of building socialism with Chinese characteristics that closed today, Li Lanqing, CPC Central Committee Political Bureau member and State

Council vice premier, pointed out: Work in studying, researching, and publicizing theory supplements and facilitates each other. Under the unified leadership of local party committees, the party's propaganda departments at all levels, all research bases, and all departments and units in charge of theoretical education, propaganda, and research work should closely cooperate with each other and strive to deepen the study, research, and publicizing of Deng Xiaoping's theory of building socialism with Chinese characteristics to make new contributions to the country's reform, opening up, and modernization drive.

Li Tieying, member of the CPC Central Committee Political Bureau and state councillor, presided over the closing session of the seminar and delivered a speech.

During the four-day session, seminar attendees focused their discussions on the basic theory of building socialism with Chinese characteristics, the theory on socialist market economy, the theory on building a spiritual civilization, the theory on party building, and other important theoretical issues. Zheng Bijian, Pang Xianzhi, Gong Yuzhi, Zhao Zongnai, Ma Hong, Shu Huaide, Zeng Peiyan, Xing Bisi, Liu Ji, Zhang Xiaowen, other leaders of concerned departments, and some experts and scholars gave speeches at the seminar on special topics. Comrades from Shanghai, Guangdong, Shandong, and other provinces briefed seminar attendees on their experiences in studying the theory and in using the theory to guide their practical work.

Li Lanqing said: With the party Central Committee's concern and guidance, with the meticulous organizational work done by concerned departments of the central authorities, and with the common efforts of all seminar participants, this seminar has been very successful and has been a meeting to exchange participants' study experiences and to review their research results. The seminar has enhanced our self-consciousness in studying, researching, and publicizing Deng Xiaoping's theory of building socialism with Chinese characteristics, further deepened our understanding of the overall situation of China's socialist modernization drive, and further clarified the way for raising the level of theoretical study and for deepening efforts to use the theory to arm our minds. The seminar will have a positive effect on encouraging not only the theoretical circle, but also the entire party to properly study, research, and publicize Comrade Deng Xiaoping's scientific writings and theory.

Speaking on deepening the study, research, and publicizing of Deng Xiaoping's theory of building socialism with Chinese characteristics, Li Lanqing said: We should realize that deepening the study, research, and publicizing of the theory is necessary for reform, opening up, and the great practice of our socialist modernization; for unifying our ideological understanding and enhancing our self-consciousness and resoluteness in carrying through the party's basic theory and line; and for properly accomplishing the new great project of building up

the party in the new period. One of the important things we should do to deepen the study, research, and publicizing of the theory and to achieve practical results is to further strengthen leadership over theoretical work, meticulously organize theoretical study work, and ensure that study work is faithfully carried out. Propaganda departments of party committees at all levels, party schools at all levels, and party organizations of institutes of higher learning and philosophical and social sciences study organizations should have a clear understanding of the current situation and tasks, should more self-consciously uphold the ideological line of emancipating the mind and seeking truth from facts, should adhere to the principle of integrating theory with practice, should give primary consideration to construction work, and should take practical and effective measures to promote the study, research, and publicizing of the theory. Study of the theory should further develop both in breadth and in depth; publicizing the theory should be made more scientific and should have greater infectious power; and, in researching the theory, we should more clearly define the focus of research and organize research forces so we can concentrate our efforts on raising the level of research.

Li Lanqing pointed out: Closely following the pulse of our times and the step of practice and providing more powerful theoretical support, ideological assurance, and a good climate for voicing public opinion and for building socialism with Chinese characteristics should be solemn task for our theoretical workers that cannot be evaded. In academic study, we encourage a hundred schools of thought to contend. In political affairs, we insist on keeping in line with the party Central Committee. But, in exploring the reform of building socialism with Chinese characteristics, we should not engage in meaningless arguments. To accomplish the lofty mission entrusted to us by history and our times, our theoretical workers and practical workers of all trades and professions must insist on using Deng Xiaoping's theory of building socialism with Chinese characteristics to guide their work. As the times and situation develop, they, closely revolving around the party's general agenda, must adhere to the principle of integrating theory with practice and of doing things in the light of reality. Under the leadership of the party Central Committee with Comrade Jiang Zemin as the nucleus and under the great banner of the theory of building socialism with Chinese characteristics, they should unite more closely and dedicate themselves to carrying out our socialist modernization program, reform, and opening up.

In his speech, Li Tieying hoped leading comrades of propaganda departments of party committees of all provinces, autonomous regions, and municipalities, and theoretical workers attending the seminar would faithfully carry out the seminar's guidelines. He said: As long as we truly carry out the guidelines, the results of the seminar will definitely be augmented, further deepening the efforts to arm our minds with the theory.

Also attending the closing session were Zheng Bijian, Shao Huaze, Liu Zhongde, Sun Jiazheng, Guo Chaoren, Xu Caihou, Pang Xianzhi, Wang Renzhi, Wang Jialiu, Liu Yunshan, Lin Yanzhi, and comrades in charge of concerned departments.

Book on Deng Xiaoping's Activities Published

OW0201054695 Beijing XINHUA in English 0533
GMT 2 Jan 95

[FBIS Transcribed Text] Beijing, January 2 (XINHUA)—A book recording activities of Deng Xiaoping, architect of China's economic reforms, during the 1977-1992 period will be reprinted in instalments in the "BEIJING DAILY" [BEIJING RIBAO] as from today.

The book, entitled "*I am the son of the Chinese people*", has been published by the China International Broadcasting Publishing House to facilitate the ongoing national campaign to study the first three volumes of the selected works of Deng Xiaoping, the paper said.

By going over the book, the paper said, readers will get a better understanding of Deng's theory of building socialism with Chinese characteristics so as to use it as a guideline in the cause of reforms and opening up.

Book on Deng's Democratic Dictatorship Theory Published

OW0201165895 Beijing XINHUA Domestic Service in Chinese 0647 GMT 29 Dec 95

[FBIS Translated Text] Beijing, 29 Dec (XINHUA)—"*On Comrade Deng Xiaoping's Thought of People's Democratic Dictatorship*," a book devoted specially to the study of Comrade Deng Xiaoping's theory of people's democratic dictatorship, was recently published by the Mass Publishing House.

The book was compiled by the party committee of the Ministry of Public Security in response to the CPC Central Committee's call for studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and to meet the needs of the work of people's police and those of people of all walks of life in their in-depth study of Comrade Deng Xiaoping's theory on people's democratic dictatorship. Based on Volumes 1, 2, and 3 of the *Selected Works of Deng Xiaoping*, the book quite profoundly studies the role and significance of Comrade Deng Xiaoping's theory of people's democratic dictatorship in his theory of building socialism with Chinese characteristics. It systematically explains Comrade Deng Xiaoping's inheritance and development of the theory of proletarian dictatorship in Marxism-Leninism-Mao Zedong Thought and introduces many new insights put forward by Comrade Deng Xiaoping in light of China's national conditions.

Feature on Li Peng Visit to Sichuan

Part 2

*HK0301111695 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 28 Dec 94*

["Feature report" on Premier Li Peng's 9 December visit to his native place in Sichuan by Sichuan People's Radio Network reporters; part two]

[FBIS Translated Text] On the morning of 17 November, the Gaoxian No. 1 Experimental Primary School received a precious New Year card transferred by the county party committee office from Li Peng's wife Zhu Lin, who wrote an inscription on it reading: Grandpa Li Peng hopes you kids will study hard, have good health, and [words indistinct] for the motherland's prosperity. When this news spread, excitement ran high in the school.

Premier Li Peng has been away from his native place for many years but is often immersed in happy memories. In the county party committee's compound, the county party secretary held a meeting on how to turn Premier Li Peng's encouragement into concrete action of building the county to make it stronger. From January to October this year, the county's aggregate index of economic results increased by [words indistinct] percent. Its GNP is estimated at [words indistinct], an increase of 1.5 times over 1984; its grain output has increased by 40 percent; its net income from agriculture amounted to 64.8 billion yuan. Its industrial economy has continued to grow, including the food industry, with tea and white wine as the main components; the textile industry, with silk as the main component; the light and chemical industries, with medicine and paper manufacturing as the main components; and the building materials industry, with cement and ceramics as the main components. [words indistinct]

On the evening of 12 December, the county party committee held a meeting to discuss economic work. At the meeting the county chief said: Premier Li Peng has pointed the way forward, so we must make good arrangements for next year's work and make every possible effort to fulfill this year's tasks. At the meeting, the county chief pointed out the need to strengthen the position of agriculture as the foundation of the national economy, to deepen enterprise reform, to develop township and town enterprises as well as the individual and private economic sectors, to widen the opening scope, and to do a good job in the energy and transportation fields.

Now the people throughout the county are making every effort to repay the party Central Committee's and Premier Li Peng's concern for them.

Part 3

*HK0301111795 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 29 Dec 94*

["Feature report" on Premier Li Peng's 9 December visit to his native place in Sichuan by Sichuan People's Radio Network reporters; part three]

[FBIS Translated Text] Seven km north from the Gaoxian County seat along the Sichuan-Yunnan highway is Xingfu Township, the native place of martyr Li Shuoxun [Li Peng's father]. Yan Peihua, secretary of the township party committee, told reporters: Xingfu Township is rich in natural resources. Its coal reserves are 10 million metric tons and its arenaceous quartz reserves are 8.88 million metric tons. Since the Third Plenary Session of the 11th CPC Central Committee, by exploiting our natural resources, we have run 38 key enterprises and some 130 village enterprises dealing in the paper-manufacturing industry, chemical industry, building materials industry, and brewing. Last year the county's gross output value amounted to 180 million yuan, its gross industrial and agricultural output value 150 million yuan, and its township and town enterprises' gross output value 100 million yuan. This year they will hit new highs. What is the impetus for this tremendous change in Xingfu Township? Yan Peihua told reporters: The most important point is human spiritual strength. Our people's spiritual pillar is the spirit of selfless devotion, hard struggle, unity, and being bold in forging ahead—a noble spirit handed down to us by the older generation proletarian revolutionaries including Li Shuoxun. Even on the streets of a small township, you can see a dense atmosphere of education in patriotism, and this atmosphere has sparked the construction of new buildings in a small township.

On the construction of small towns, Wang Yansheng, deputy chief of Xingfu Township in charge of ideological work, told reporters: Several days ago Premier Li Peng returned to his native place and was very happy to see the great changes there. Last year Xingfu was listed as one of the 100 small towns carrying out construction experiments in the province. They have been designed to high standards and requirements. So far 13 key construction projects have been submitted to the provincial authorities and seven have been completed. Now construction projects in Xingfu Township have started in an all-round way. The future Xingfu Township will be a new township integrating industry, energy, science, education, culture, the processing of agricultural products, and trade.

Wang Zhaoguo on United Front Work in Universities

*OW3112055794 Beijing XINHUA Domestic Service in
Chinese 1218 GMT 17 Dec 94*

[By reporter Luo Kangxiong (5012 1660 7160)]

[FBIS Translated Text] Shanghai, 17 Dec (XINHUA)—A national forum on united front work in some institutes of higher learning opened today. At the meeting, Wang Zhaoguo, vice chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee and head of the CPC Central Committee United Front Work Department, emphasized: Teachers of the proletarian revolution and the nuclei of the CPC's three generations of leadership have attached importance to work related to intellectuals and to bringing the role of intellectuals into play, and they have developed brilliant expositions. We should earnestly study and gain a deep understanding of these expositions and carry them out in light of reality. This is a top priority of current united front work in institutes of higher learning and a basic guarantee for the success of united front work in institutes of higher learning.

Wang Zhaoguo said: Institutes of higher learning are places where numerous high-level non-CPC intellectuals congregate. The united front work in institutes of higher learning has always been an important aspect of our united front work. Party committees in institutes of higher learning should truly strengthen leadership over united front work and take effective measures to create conditions for united front work departments to carry out their tasks. Key leaders of party and government organizations in institutes of higher learning should carry out united front work in person and contact and associate with as many non-CPC intellectuals as possible, understand their hardships and demands, and make friends with them.

Wang Zhaoguo said: Relevant departments of higher learning institutes should unite and work together, coordinate with one another, and make concerted efforts to make a success of united front work. It is necessary to carry out united front work by utilizing the approaches of great unity and association. United front work departments in institutes of higher learning should consciously adapt to the needs of economic restructuring and educational reform and actively carry out united front work in line with the characteristics of higher learning institutes. We should adapt to the developing circumstances; go deep into the realities of life; actively explore; further study and affirm the scope, objects, functions, duties, and approaches of united front work in institutes of higher learning under a new situation; and give full play to the active role of patriotic united front in the higher learning front.

At the meeting, Liu Yandong, deputy head of the CPC Central Committee United Front Work Department, delivered a keynote speech entitled: "Unite and Work Together and Open Up a New Vista in United Front Work in Institutes of Higher Learning." Present at today's opening ceremony were State Education Commission Minister Zhu Kaixuan, Vice Minister Zhang Xiaowen, and relevant leaders of party and government departments in Shanghai.

The forum is being jointly held by the CPC Central Committee United Front Work Department and the State Education Commission. During the four-day meeting, persons in charge of united front departments in 29 provinces, municipalities, and autonomous regions and persons in charge of major institutes of higher learning will sum up and exchange their experiences in united front work in institutes of higher learning, discuss new prospects and characteristics of united front work in institutes of higher learning under a socialist market economy, and define new policies and measures.

Ren Jianxin Address Political, Legal Meeting

OW0201121095 Beijing XINHUA Domestic Service in Chinese 1024 GMT 21 Dec 94

[By RENMIN RIBAO reporter Wu Hengquan (0702 1854 2938) and XINHUA reporters Zou Aiguo (6760 1947 0948) and Zhou Lixian (0719 4539 2009)]

[FBIS Translated Text] Beijing, 21 Dec (XINHUA)—A national political and legal conference opened in Beijing today.

The conference set forth the major tasks for the political and legal front in 1995: Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, the political and legal front should conscientiously implement the guidelines laid down at the 14th party congress, the Third and Fourth Plenary Sessions of the party's 14th Central Committee, and the economic work conference convened by the party Central Committee and the State Council; it should further strengthen and reform judicial and public security work, build up the ranks of judicial and public security cadres while maintaining public order and stability; and it should bring the functions of various judicial and public security departments into full play and further mobilize all forces in society to severely punish serious criminal and economic offenders, to implement the measures for tackling problems of public order in a comprehensive way, to strengthen and consolidate the state power of the people's democratic dictatorship, and to ensure the smooth progress of deepening reform, opening wider to the outside world, and undertaking socialist modernization.

At the Conference, Ren Jianxin, member of the Secretariat and secretary of the Political and Legal Commission of the CPC Central Committee, gave a report entitled "Build Up the Ranks of Judicial and Public Security Cadres While Maintaining Stability in Order To Better Serve the Work of the Party and the Country." The report consists of five parts: Continue to pay close attention to stability and conscientiously do the work in this regard; further strengthen the struggle to crack down on serious crimes, implement the various measures for tackling problems of public order in a comprehensive way, and effectively improve public order in some localities; continue to vigorously investigate and handle major or serious cases of economic crimes, deepen the

anticorruption struggle, and effectively maintain order in the socialist market economy; strictly enforce the law and maintain the sanctity and unity of the state legal system; and vigorously strengthen party building on the political and legal front and the building of the ranks of judicial and public security cadres.

In the report, Ren Jianxin reviewed work in 1994 and made arrangements for political and legal work in 1995. He said: We have made tremendous achievements in political and legal work in 1994. Under the correct leadership of the party Central Committee, the State Council, and party committees and governments at various levels, judicial and public security departments at various levels have further strengthened and improved their work, cracked down forcefully on sabotage activities by domestic and foreign hostile forces, properly handled large numbers of complicated contradictions among the people in coordination with relevant organs, and continuously waged struggles of various types to crack down on serious crimes; they have concentrated their forces to investigate and handle a large number of major or serious cases of economic crimes, such as corruption, bribery, smuggling, and disrupting economic order; and they have vigorously performed the work of tackling problems of public order in a comprehensive way, with the stress on public order in rural areas, thus providing a relatively stable environment for reform and development.

On the struggle to crack down on serious crimes, Ren Jianxin said: Since the beginning of this year, the deepening struggle to concentrate blows on and punish serious criminals has, to a certain extent, checked the tendency of criminal cases increasing by a big margin. But the current situation in public order still remains very grim, and the number of major and extraordinarily serious cases has continued to increase. It is necessary to vigorously strengthen the struggle to crack down on serious crimes. We should deal ever more severe blows to serious criminal offenders, resolutely deflate the arrogance of criminals, and improve public order in some localities as soon as possible. The struggle to crack down on serious crimes in 1995 should be focused on the following: serious crimes which are very harmful and influential, criminal groups of a gangster or criminal-syndicate nature, serious criminals at large, train and highway robbers, abduction and sale of women, stealing and kidnapping of children, and other criminals. We should unwaveringly implement the principle of dealing severely and promptly with criminals according to law, make efforts to "solve major cases, crack down on gangs, pursue and capture criminals at large, and resolutely check the tendency of serious criminal cases on the rise."

Ren Jianxin pointed out: while deepening and further strengthening the struggle to crack down on serious crimes, we should continue to take positive measures to tackle problems of public order in a comprehensive way. We should strengthen basic work at grass-roots levels and effectively implement the measures for tackling

problems of public order in a comprehensive way; we should tighten social control [yan mi she hui guan li 0917 1378 4357 2585 4619 3810] and implement preventive measures; we should thoroughly carry out a system of leadership responsibility for tackling problems of public order in a comprehensive way—the principal leaders of a local party committee and government should bear overall responsibility for the social stability and public order of the locality, which should be included in the system of goals set for a leader's term of office and regarded as an important aspect in the evaluation of a leader's work performance.

Dealing with vigorously investigating and handling major or serious cases of corruption and bribery and promoting the anticorruption struggle, Ren Jianxin said: Party committees, governments, and judicial and public security departments at all levels should unify their thinking according to the policies and measures adopted by the party central committee and the State Council in combating corruption and promoting honesty; they should effectively strengthen their leadership over the anticorruption struggle and overcome all obstructions and interferences to deal severely and promptly with those guilty of corruption and bribery according to law. The stress should be placed on investigating and handling such cases in party and government leading bodies, administrative and law enforcement organs, judicial organs, and economic management departments and cases involving leading cadres at or above the county level. In dealing with cases, especially serious cases, in those organs, we should concentrate our forces to thoroughly investigate them. We should further investigate cases of abusing one's power to seek personal gain, playing favoritism and committing irregularities, or taking bribes and bending the law involving judicial personnel and administrative law enforcers, handle such cases as major ones in the anticorruption struggle, and strive to make a big breakthrough in this regard.

Ren Jianxin pointed out: We must resolutely crack down on various economic criminal activities harmful to reform, opening up, and order in the socialist market economy. At present, the stress of attack should be put on the following: 1. Tax evasion and fraud, including committing tax fraud by taking advantage of export tax refunding and forging value-added tax invoices; 2. Swindling, especially criminal financial swindling; 3. Criminal activities in smuggling; 4. Criminal activities in manufacturing and selling fake and shoddy goods. As for those who are involved in major cases involving a large amount of money, of a vicious nature, or of serious consequences, they should be given a severe sentence according to the law; and those who should be sentenced to death must be resolutely executed, and publicize such cases in a big way in order to check the continuous increase of economic crimes.

In his speech, Ren Jianxin called on party committees, governments, and judicial and public security departments to thoroughly carry out the guidelines laid down

by the Fourth Plenary Session of the party's 14th central committee, to clearly understand the great significance of strictly enforcing the law, and, with an extremely serious attitude, to check on and rectify problems in the enforcement of law in order to ensure the strict implementation of state laws and regulations. Judicial and public security departments at all levels should be scrupulous in the discharge of their duties, enforce the law strictly, and faithfully fulfill the sacred responsibilities of law-enforcement organs; they should make vigorous efforts to undertake party building on the political and legal front and the building of the ranks of judicial and public security cadres in order to raise the level of political and legal work and ensure the smooth accomplishment of various tasks. To ensure that judicial and public security personnel will live up to the expectations of the people and the great trust placed in them by the party, it is necessary to comprehensively strengthen party building ideologically, organizationally, and in work style according to the actual conditions of judicial and public security departments. Every possible effort should be made to bring about a noticeable change in the discipline and work style of judicial and public security personnel in three to five years.

Ren Jianxin stressed: The improvement of work style should be done as an important task in party building on the political and legal front and the building of the ranks of judicial and public security personnel. On checking unhealthy trends, he reiterated the following ban: Judicial and public security cadres and police are absolutely prohibited from accepting wining, dining, money, or materials from persons involved in cases; it is absolutely forbidden to take a lord's attitude—such as being indifferent, stiff, or rude and unreasonable and shifting responsibility to others—toward people presenting petitions or asking for help; and it is absolutely forbidden for judicial and public security cadres and police to act in violation of the law and discipline, such as beating or swearing at people and extorting confessions by torture. Those who violate the ban should be subject to party and government discipline or even to punishment according to law, and there will be no exception. It is hoped that the broad masses and people of various circles in society will keep close watch in this regard.

Luo Gan, state councilor and deputy secretary of the Central Political and Legal Commission, presided over the conference. More than 200 people attended the conference, including Zhang Siqing, Jia Chunwang, Xiao Yang, Shu Huaide, and Zhou Ziyu, members of the Central Political and Legal Commission; leaders of provincial, autonomous regional, and municipal party committees in charge of judicial and public security work; and responsible persons of relevant departments under the party central committee and the State Council.

Li Peng, Peng Zhen Condolences on Death of Gu Yu

OW0201105395 Beijing XINHUA Domestic Service in Chinese 1340 GMT 30 Dec 94

[FBIS Translated Excerpt] Beijing, 30 Dec (XINHUA)—Comrade Gu Yu, an outstanding communist party

member, a faithful communist fighter, and a former adviser to the Chinese Academy of Sciences, died of illness in Beijing on 10 December 1994 after failing to respond to medical treatment. She was 77.

Gu Yu was born in Anhui's Tianchang County in 1918. Since her teenage days, she had been vigorously seeking the truth about how to save the country and the people. [passage omitted]

Li Peng, Peng Zhen, Zhu Rongji, Liu Huaqing, Hu Jintao, Wen Jiabao, Song Ping, Bo Yibo, Song Renqiong, Lu Jiaxi, Song Jian, and other leading comrades expressed condolences on the death of Gu Yu and extended sympathy to her family members.

NPC Refuses To Vote on Judicial Appointments Bill

HK0201043095 Hong Kong MING PAO in Chinese 31 Dec 94 p A2

["Newsletter from Beijing" by Hung Chuan-jen (3163 0278 0088): "NPC Standing Committee Does Not Vote on Two Draft Laws, Showing That It Is No Longer a Rubber Stamp"]

[FBIS Translated Text] At the 11th meeting of the Standing Committee of the Eighth National People's Congress [NPC], the Judicial Law and the Procurator Law were not put to the vote even though the judicial organs had strongly called for the enactment of these laws. The NPC's action shocked political circles in Beijing. According to sources in Beijing, the NPC Standing Committee members were not satisfied with the method of conferring ranks on judges and procurators specified by the draft laws, because this would free the courts and procuratorates from the supervision of the NPC in this regard. This year, the NPC Standing Committee refused to put draft laws to the vote many times, and this time its actions were directed at the judicial departments. So this action is of unusual significance and shows that the NPC, which has been called a "rubber stamp" in the past, is becoming more powerful.

The Beijing sources said: The original agenda of the latest NPC Standing Committee meeting did not include the two laws. The two laws were added to the agenda on the day the meeting began. Some Standing Committee members regarded this practice as displaying "a lack of seriousness" and were unhappy with the practice.

According to the official reports, the Standing Committee members discussed the drafts of the two laws for three days, and many of them held different opinions on the establishment of assessment committees for judges and procurators and on the method of conferring ranks on judges and procurators.

The Law Committee and the Internal and Judicial Affairs Committee of the NPC Standing Committee also considered the two laws at three-day meetings and held

that further revisions should be made to the above-mentioned points; thus they decided not to put the two laws to the vote at the current session of the NPC Standing Committee.

Reportedly, the NPC Standing Committee members held that the method of conferring professional titles and ranks to judges and procurators through the establishment of an assessment committee may free the law courts and procuratorates from supervision by the NPC at various levels. According to the NPC Constitution, the NPC is the supreme power organ, and the government, the courts, and the procuratorate should be responsible to the NPC and subject to its supervision.

Principal officials of the government, the courts, and the procuratorate should all be appointed by the NPC. If professional titles and ranks are conferred on judges and procurators so that they can be promoted to higher ranks according to their service seniority, the supervision of the NPC over the courts and the procuratorate will naturally be weakened, and this will go against the constitutional principle of the NPC appointing and dismissing chief judges and chief procurators.

According to the sources, since Qiao Shi became chairman of the NPC Standing Committee, the NPC has been playing an increasingly active role and has become stronger and more powerful. This year, the NPC Standing Committee moved with record speed in its legislative work and totally enacted 16 laws and adopted two decisions on legal affairs. It is now considering another 11 laws.

The sources also said that during the recent session of the NPC Standing Committee, committee members also called for strengthening the NPC's supervision of the operations of the central bank, and some members even proposed that the annual money supply total should be decided by the NPC. In the past, the bank has always been directly controlled by the State Council, but some NPC Standing Committee members proposed that the central bank should be controlled directly by the NPC.

Although such proposals have not been accepted by the top CPC leadership so far, the proposals themselves still indicate that the NPC is trying to play a more important role in the political and economic life of the state.

Year-End Report Notes Growth in Party Ranks

OW0301115695 Beijing Central People's Radio
Network in Mandarin 2230 GMT 26 Dec 94

["Special year-end report" by station reporter Zhou Xunchao: "The Party Ranks Are Expanding"; from the "News and Press Review" program]

[FBIS Translated Text] The great achievements made in reform, opening up, and socialist modernization following the full implementation of the party's basic line have helped the broad masses of the people see the

CPC's place in history and its role, and our country's prosperity and promises in store for it.

The party ranks have expanded vigorously.

Nationwide, there are presently 54 million party members on all fronts and in all trades and professions. Among them, over 13 million party members, or 24.2 percent of the total number, work in the industrial, construction, communications, transportation, postal, and telecommunications sectors; over 20.95 million party members, or 18.8 percent [figures as heard] of the total, work on the farming, forestry, animal-husbandry, fishery, and water- conservancy fronts; 5.04 million party members, or 9.3 percent of the total, are from the teaching, scientific research, cultural, artistic, and health professions; 4.523 million party members, or 8.4 percent of the total, work in the business, food, public utilities, banking, and insurance sectors; and 6.747 million party members, or 12.5 percent of the total, are from state organs, party and government organs, and social organizations.

The number of people applying for party membership is growing. The present party ranks include 114,000 students.

'Authorities' Closes 'Liberal' Hong Kong Newspaper

HK3112043394 Hong Kong SOUTH CHINA
MORNING POST in English 31 Dec 94 p 1

[By staff reporters]

[FBIS Transcribed Text] Chinese authorities have closed down a liberal Guangdong newspaper in which Hong Kong media conglomerate, CIM Co, has a stake.

The Guangzhou-based MODERN MANKIND daily earlier this week received an order from the Guangdong News and Publications Administration that it must cease publication after today's edition.

The decision, personally approved by a Politburo member, may follow moves to crackdown on news units linking up with Hong Kong or Taiwan partners.

Guangdong sources said that the reason given by the authorities was that Modern Mankind had been without a government sponsoring unit since June. Prior to that, the paper had been a unit under the Guangdong branch of the China Council for the Promotion of International Trade (CCPIT).

The media-controlling Propaganda Department of the Chinese Communist Party has never permitted a private or independent publication in the mainland.

A Guangzhou source said that Modern Mankind which started as a weekly in 1985, had always had a reputation for being avant-garde.

Since the troubles of June 4, 1989, however, the paper has toned down political coverage, concentrated on

economic and cultural topics [as published]. Last night, a source at the paper said one reason for Beijing's drastic action could be the paper's links with Hong Kong.

In 1993, CIM [expansion unknown] Co [company], the flagship company of Hong Kong entrepreneur Yu Pun-hoi which also controls the MING PAO newspaper group, formed a joint venture with Modern Mankind through a subsidiary. The joint venture, the Modern Mankind Newspaper Enterprise Management Co (MMNEMC), is responsible for much of the paper's management, including advertising, circulation. However, MMNEMC—which has at least one senior manager appointed by its Hong Kong partner—plays no role in the paper's editorial policy. Modern Mankind is understood to have received financial backing from the CIM subsidiary among others to switch from a weekly to a daily paper in early June.

One senior journalist said last night: "Our editorial staff more than doubled to over 60 when we became a daily. However, it was also at that point that the Guangdong CCPIT refused to continue as our sponsoring unit". He said pressure from Guangzhou and Beijing now meant the paper was unable to find another sponsoring organization.

Another Modern Mankind source said last night that until recently staff had hopes that, despite a circulation of only around 20,000, it could become the country's most independent-minded newspaper.

"In the past 18 months, the Propaganda Department has circulated one document after another warning Chinese news units against forming joint ventures with Hong Kong and Taiwan partners," the source said.

"The authorities have used the excuse of our lack of a sponsoring unit to close us down."

A political source in Beijing said the closure was personally approved by Ding Guangen, head of the Propaganda Department and Politburo member in charge of ideology and propaganda.

Staff will meet at 3 pm [0700 GMT] today but feel they are unlikely to get compensation.

'News Blackout' on Closure of Guangdong Paper

HK0201045395 Hong Kong SOUTH CHINA MORNING POST in English 2 Jan 95 p 1

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] Beijing has imposed a news blackout on the closure of the Guangdong paper Modern Mankind, but tried to pacify its staff by allowing them to publish a non-political magazine. Guangzhou sources said yesterday that the provincial Propaganda Department had forbidden Guangdong newspapers from mentioning the demise of the paper, which published its last edition at the weekend.

Local authorities also warned the nine-year-old paper's 60 or so staff not to discuss with Chinese or foreign media the reasons behind the drastic action. "At the last minute, chief editor Yi Zheng pulled out a commentary that he wrote on the reasons behind the paper's closure," said a journalist of the newspaper about the last edition. "Instead, we ran a tiny story which merely stated that on orders from the Guangdong authorities we were folding at the end of the year (1994)."

The paper also disconnected some of its telephone lines on Saturday [31 December] to discourage inquiries from the Hong Kong and foreign press. The Guangzhou sources said that the central Propaganda Department had decided to ban the paper mainly because it had set up a joint-venture operation with a Hong Kong media conglomerate, CIM Co.

It is understood the Guangdong News and Publications Department had formed a wrapping-up committee with senior staff to handle remaining assets. To pacify the paper's journalists and supporters the department indicated that staff who wanted to stay on could start a magazine. The new publication, however, must steer clear of politics and other sensitive issues.

A management source said that the treatment of Modern Mankind, considered to be a liberal paper, was severe because the central authorities had cancelled its publication licence and registration number. "In many cases involving the purge of liberal publications, the authorities have merely ordered them to stop for a few months and to go through a restructuring of staff," he said.

Other staff on the paper claimed that central and Guangdong authorities had prevented Modern Mankind from finding a sponsoring government unit, a prerequisite for publishing in the mainland. The paper lost its sponsor when the Guangdong branch of the China Council for the Promotion of International Trade decided to break off relations in June.

A reporter pointed out yesterday that government units, including the Guangdong People's Congress, would have agreed to "adopt" Modern Mankind had it not been for pressure from Beijing. "The Communist Party's Propaganda Department is eager to suppress any discordant voices," he said. He added that despite its relatively small circulation of around 20,000, Modern Mankind boasted the province's most sophisticated equipment.

Exiled Dissident's Beijing Home Ransacked

HK3012150294 Hong Kong LIEN HO PAO in Chinese 30 Dec 94 p 1

["Dispatch" by Reporter Tseng Hui-yen: "Liu Zaifu's Beijing Residence Searched and His Property Confiscated"]

[FBIS Translated Text] New York, 28 Dec—The Beijing residence of Liu Zaifu, famous Chinese literary critic and former director of the Institute of Literature under

the Chinese Academy of Social Sciences, who went into exile after the 1989 "4 June" incident, was pried open by a dozen hefty fellows using an electric drill on 27 December, one day before his wife Chen Feiya was due to return to Beijing. Liu's property, including 10,000 volumes of books and scrolls of painting and calligraphy, was taken away without any approval from the law-enforcement authority. The move evoked indignation in Beijing cultural circles. Some people said the act was "outrageous," "more crude than the ransacking of Beijing residents' places seen during the 'Great Cultural Revolution,'" and bitterly disappointing.

Liu, currently a visiting professor at the U.S. Colorado University, told this reporter angrily that his mother left Fujian for the United States to see him in March 1994 and returned to Xiamen, Fujian, in early December accompanied by his wife Chen Feiya. Chen's trip was also designed to "probe the possibility" of Liu's going back to China in the coming spring. Liu was the most senior official among the intellectuals who went into exile after the "4 June" incident. Though he was forced to go into exile, he "kept his country in mind."

Chen put across the message to the Chinese Academy of Social Sciences through Cao Tiancheng, deputy director of the Institute of Literature under the academy, saying "if the country would treat us fairly, Liu would return to China next spring." She then decided to fly to Beijing from Xiamen on 28 December but the couple did not expect the academy to "ransack" their residential unit in Beijing immediately after they learnt of Chen's scheduled trip. On the morning of 27 December, one day before Chen's arrival in Beijing, a dozen people, who "refused to listen to reason," bundled off the wife and children of Li Yijian, deputy editor of the Institute of Literature, who takes care of Liu's property (Li is presently in Hong Kong on a visit), and then took away Liu's property including the articles Ma Bixue, daughter of famous musician Ma Sicong, left in his care (Ma Bixue's son is Liu's son-in-law). No property list or receipt signed by a responsible official was issued after the property was taken away. So far, Liu has no idea about the whereabouts of his property.

While the "ransacking" was in process, Li's wife made an emergency call to Chen, who was in Xiamen at that time. Chen demanded a conversation with the person in charge but the person refused, shouting: "We do not know the family. We act on the orders of the leadership of the Academy of Social Sciences."

Liu and his wife said, "This violence is more rude and unreasonable than what was seen in the great cultural revolution." The academy threatened long ago to take over Liu's house, allocated to him by the government. Liu wrote to Hu Sheng, president of the Academy of Social Sciences in July 1994, telling him that they can take back the house but that they must make sure his property, books, scrolls of painting and calligraphy, academic materials, and all kinds of documents be kept

intact, adding that they must confiscate his house through legal procedures and in the presence of a public notary. But Liu has not received any reply over the last six months. Chen was prepared to tackle all these problems with the academy when she was in Beijing, but she did not expect the academy openly "ransacked her house" one day before she arrived in Beijing.

Chen, who was forced to stay in Xiamen, made a protest against the person in charge of the academy over the 27 December incident.

Chen said painfully: "Certain leaders of the academy were scared by the news that we were planning to return to China. They felt hatred toward us and then made trouble by destroying the unit where we can stay when we come back. This is illegal, violates basic human rights, and greatly dampens the most precious of our love for the motherland."

Liu has made four demands of the mainland authorities: One, the Chinese Government must prosecute those responsible for the illegal ransacking, including Guo Yongcai, secretary general of the academy, and Wang Renzhi, actual responsible member of the academy. Two, the academy must immediately inform him of the whereabouts of his property, give him a property list, return his property to the original place, and then carry out consultations about his house and go through the relevant procedures. Three, the Chinese Government must immediately give his wife a dwelling place so that she can lead a normal life and discuss her job with her original work unit, the Beijing Science Publishing House, and the government must immediately allocate a residential unit to the Li's, who currently reside in his house. Four, the leaders of the academy must apologize to him because the incident serves to greatly impair his dignity.

Labor Ministry Issues Emergency Circular on Safety

OW3112000994 Beijing Central People's Radio Network in Mandarin 2230 GMT 14 Dec 94

[By central station reporter (Liu Haosan); from the "News and Press Review" program]

[FBIS Translated Text] After winter set in, grave incidents occurred in some areas. The Ministry of Labor recently issued an emergency circular calling on all areas and departments to do a good job of ensuring production safety this winter and next spring and, in particular, to incorporate safety measures in the overall work of promoting economic growth during the New Year holidays and the Spring Festival. The Ministry of Labor required communications and transportation departments at all levels to resolutely ban the participation in transportation of means of transport that are found to lack a registration plate or a driver's license or are overloaded. All means of transportation must be equipped with lifesaving and fire fighting apparatuses in compliance with stipulated provisions and standards. Immediately

after receipt of the circular, local governments must organize labor and public security departments, departments of administration for industry and commerce, trade unions, and relevant departments in charge to conduct comprehensive inspections of fire fighting and safety equipment; to strengthen control over toxic and harmful substances, combustibles, explosives, chemicals, and dangerous articles and places; and to strengthen supervision and control over safety equipment at public places, entertainment places, and places of special service trade. It is necessary for mining enterprises to conduct self-inspection. They must resolutely consolidate mines that do not meet the requirements of production safety.

Military & Public Security

Judicial Police Confront Local Police on Violations

HK3112083394 Hong Kong TUNG FANG JIH PAO in Chinese 29 Dec 94 p 5

[Report: "Local Public Security Personnel Armed with Light Machine Guns Defy Law, Confront Court Police Sent To Seal Up Factory"]

[FBIS Translated Text] The Guangzhou City Intermediate People's Court of Guangdong Province yesterday [28 December] sent a group of law enforcement officers to Nantou Town in Zhongshan City to seal up a local factory suspected of "intellectual property rights [IPR] violation." Upon their arrival there, court officers met armed resistance from local government officials. They were surrounded by local public security personnel who trained two light machine guns on them. Due to this great disparity in strength, the court officers had to remove the paper seals they had just applied and leave the factory.

Factory Director Refuses To Sign Sealing Document

Guangdong Kangbao Electric Appliances Factory had earlier sued the Zhongshan City Kangwei Sterilized Kitchen Cupboard Factory for "violating patent rights." The Guangzhou City Intermediate People's Court agreed to accept and handle the case. The plaintiff then applied to the city court to protect the evidence and demanded that the city court order the defendant to stop patent rights violations at once, seal up production lines making products which violated patent rights, impound the defendant's finished and unfinished products, freeze the defendant's bank accounts and assets, and seize the defendant's account books, sales invoices, and so on.

In accordance with Article 74 and Article 92, Section One of the "PRC Civil Procedural Law" as well as Article Three, Section One of "Questions and Answers on Patent Dispute Cases" published by the PRC Supreme People's Court, the Guangzhou City Intermediate People's Court ruled that the plaintiff's aforementioned demands were legitimate.

In accordance with legal procedures, the court ruling should have been enforced immediately after it was delivered to the defendant. Should the defendant refuse to accept the court ruling, he can apply only once to the court for reconsideration. However, sealing action would still continue during the court's reconsideration period.

Yesterday morning, accompanied by court police, law enforcement officers of the Guangzhou City Intermediate People's Court of Guangdong Province arrived in Nantou Town from Shunde by car. When they entered Kangwei Factory to enforce the ruling, the factory director refused to sign the sealing-up document and said he would only consider signing the document if accompanied by a lawyer. The law enforcement officers then left the document with him and ordered the court police to start impounding products made in "violation of patent rights."

The sealing action began in a products display room, extended to production lines, and eventually to a warehouse where the factory's unfinished products were kept. At this moment, a man claiming to be a local government official entered the factory building with a lawyer. He asked the law enforcement officers to immediately stop sealing up the factory and asked people on the spot to stop taking pictures.

The lawyer representing the factory accused of "violating patent rights" blamed court officers for a lack of understanding of the law. The man claiming to be a local government official said that if the court officers refuse to take off the paper seals, he would then order that the factory gate be closed and that roads in the town be blockaded. After making these remarks, he went down stairs and left the factory building with his men. The law enforcement officers quickly followed him down only to find themselves surrounded on open ground. By that time, a large group of local public security personnel had already placed themselves at the factory gate. A local public security vehicle was also guarding the factory gate. As a result the court officers' motorcade could not leave the factory. The two sides were locked in a seesaw struggle.

Court Police Withdraw Due to Great Disparity in Strength

The local public security personnel glared at the court officers like tigers dyeing their prey. Two public security men armed with light machine guns had their index fingers on the triggers, while other plainclothes public security men wearing sun glasses also had their right hands on their holsters. The court officers then made emergency calls for help using a mobile phone, while the court police also had their hands on their holsters. The two sides stared angrily at each other and faced off.

Half an hour later, the court officers' mobile phone rang. After answering the phone, the court officers ordered the court police to go into the factory building and remove

the paper seals they had put up. They were watched and accompanied by local public security personnel while doing so.

When court police reinforcements finally arrived on the scene by car, the court police motorcade had already left the factory thanks to a compromise reached earlier between the two sides. Since the court police motorcade which had gone to freeze the factory's bank accounts had not returned yet, the court police reinforcements decided to wait outside the factory proper.

Then a group of cameramen, who probably worked for the local television station, came to the scene and started filming the court police motorcade. The local public security personnel, who were carrying light machine guns, kept staring at the court officers. During the entire process, no one, not even the TANSHEDENG [SEARCHLIGHT] reporters accompanying the court officers to the factory, dared to take pictures. Guarded by another public security man armed with a light machine gun, the man claiming to be a local government official was still giving orders on the scene.

Due to the great disparity in strength, the court officers ordered their own motorcade to leave Zhongshan. Only after entering Shunde did their motorcade stop by the roadside to wait for the motorcade which had been sent to freeze the factory's bank accounts.

More on Confrontation

HK0301082695 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0752 GMT 30 Dec 94

[Report: "A Rare Case: Court Staff Carrying Out Orders Are Stopped by Armed Town Officials in Zhongshan"]

[FBIS Translated Text] Guangzhou, 30 Dec (ZHONGGUO TONGXUN SHE)—A rare case took place in Nantou Town in Zhongshan City on 28 December when court police were unjustifiably obstructed from carrying out a court order.

At 0900 on 28 December, Guangzhou City Intermediate People's Court took legal action to seal up the property of a certain sterilized kitchen cupboard factory in Zhongshan City, which had been accused of violating patent rights. The plaintiff, Kanbao Electric Appliances Factory, had lodged an application with the court earlier which demanded that the defendant's assets and evidence relating to the case be impounded, that the defendant be banned from producing a certain type of product which was said to constitute infringement of the plaintiff's patent rights in the exterior design of a patented model of a sterilized kitchen cupboard, that finished and semifinished products in stock and that the production line in question be sealed up, and that the defendant's bank deposits and account books be frozen. After the judge enforcing the order had read out the civil court ruling to the factory's staff, the factory manager called a man by phone, summoning him to the factory. Upon his

arrival at the factory manager's office, this man immediately questioned the judge and the court police: "Do you really know the law? What do you Guangzhou people, in full combat gear, want here in Zhongshan?" He then tried to contact a "leading town official" by pager. By that time, copies of the prosecution bill and the ruling had been served, and the judge and the court police began to carry out the sealing procedures, counting the quantity of products in stock at the factory's warehouse and workshops, and applying sealing labels on the categorized products. Some 10 minutes later, two cars bearing special number plates arrived. A short, slightly balding man in western style dress rushed into the factory escorted by seven to eight armed personnel and men in plainclothes. They ordered staff and court police from the Guangzhou Intermediate Court to "get out of the factory" immediately. The short man said: "I am the leading official of this town and the chairman of this factory. Now, you come to my place and carry out a seal-up order without letting me know in advance. By so doing you have ignored the town government." A man in plainclothes wearing sun glasses and carrying a pistol at his waist shouted: "Why should you people from Guangzhou bother about our factory? Who gives you the authority to intervene in our business? Remove your paper strip seals!" Li Mingyao, deputy director of the law enforcement section of the Guangzhou Intermediate Court, explained to them: "This is a case of a patent rights violation dispute which, according to the law, should only be handled by the intermediate court in the capital city of the province where the case occurs." But the local people refused to accept this explanation and kept asking the court personnel to remove the paper seals. The court personnel tried their best to reason with them. "Well, if you seal up the factory, we will block the exit, and you will never be able to leave here by the main gate." By that time, another group of people had arrived to block the main exit of the factory. Court staff and police could not but remove the paper strip seals lest the dispute should deteriorate further and result in violence and casualties.

It is said that a total of 20 manufacturers were involved in this patent rights infringement case related to the exterior design of an electric thermal sterilized kitchen cupboard produced by Kanbao Electric Appliances Factory. Over the past few days, the Guangzhou City Intermediate People's Court has already sealed eight other plants in Taishan and Shunde according to the law. All these plants, accused of violating patent rights, pledged obedience to the court in implementing the seal-up procedures according to the law with a view to protecting the relevant evidence.

Zhuhai Villagers Take Police Hostage in Land Dispute

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[By Dick Chan]

[FBIS Transcribed Text] A public security chief and more than 20 villagers were injured as peasants in a Zhuhai village held a local cadre and three policemen hostage at the weekend in a dispute over compensation for farmland taken over for commercial development. The villagers of Lishan village accused local officials of having secretly sold their farmland to an enterprise and offering unreasonable compensation for the land.

They had pressed the Government of Doumen county's Wushan town for better payment. But the row triggered a conflict on Saturday [31 December] when the Public Security Bureau arrested a villager leading the petition. Hundreds of angry villagers demanded that the police release the villager and clashed with police and government officials, taking four people as hostages. "About 600 villagers took a local cadre, two public security police officers and a People's Armed Police officer as hostages and confronted police after they had arrested the villager in the morning," Wushan government official Chen Wang said.

It turned into a conflict after the police reinforcements arrived. A total of 400 police officers fired tear-gas at the villagers, who threw stones in return. "The Doumen Public Security Bureau sent 100 armed police to Wushan and they used tear-gas to drive the villagers away from the house where the hostages were held," Mr Chen said. "But the villagers did not go away and returned with

stones and knives. Three People's Armed Police and a number of public security officers were injured."

Although the dispute was finally settled on Saturday night with the release of the detained villager and the hostages, dozens of peasants and police were injured, Mr Chen said. A Public Security Bureau chief was among those hurt. Mr Chen said the injured man, surnamed Cai, was hit on the head by a stone and was still in a hospital in Doumen. He declined to comment on his condition.

About 30 villagers were overcome by tear-gas during the conflict and many of them were still in hospital. Mr Chen said: "Between 20 and 30 villagers were wounded either by the tear-gas or hit by canisters. As far as I know, most of the injured peasants are still in hospital and a few quite are seriously injured."

The conflict was finally resolved when the Zhuhai and the Doumen county governments sent officials to hold discussions with the villagers and both sides agreed to release the detained villager and the hostages. The dispute was over the sale of 15.5 hectares of paddy fields to a company to develop into an industrial complex and flats. The villagers were dissatisfied because they were to receive less than 1,000 yuan (HK\$915) from the local Government. They had asked for 10,000 yuan each.

General

Wang Zhongyu on Enterprise Reform

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[“Deepen Reform of Enterprises and Do a Good Job of Establishing a Modern Enterprise System at Selected Units on a Trial Basis—Wang Zhongyu, minister in charge of State Economics and Trade Commission, answers questions by XINHUA and RENMIN RIBAO reporters”]

[FBIS Translated Text] Beijing, 14 Dec (XINHUA)—The just concluded central economic work conference suggested that “in deepening reform of the economic system and establishing a modern enterprise system, with reform of state-owned enterprises as the main target, next year it is necessary to take the whole situation into account, make overall planning, do a good job in carrying out experiments at selected units, sum up experiences, and gradually popularize them.” To understand how the work of establishing a modern enterprise system at selected units on a trial basis next year will be carried out, reporters recently interviewed Comrade Wang Zhongyu, minister in charge of the State Economics and Trade Commission [SETC].

[Unidentified reporter] Could you please first discuss the current situation of enterprise reform in our country?

[Wang Zhongyu] Reform of state-owned enterprises is the focal point of our economic reform next year. The purpose of reform of state-owned enterprises is to establish a modern enterprise system in line with the requirements of the socialist market economic structure. The 14th National Party Congress put forward a proposal to establish a socialist market economic structure, and the “decision” of the Third Plenary Session of the 14th CPC Central Committee called for establishing a modern enterprise system with public ownership as the mainstay—this shows that enterprise reform in China has entered a new phase of transforming mechanisms, creating new systems, and carrying out reform in a coordinated way. In accordance with the guidelines of the “decision” of the Third Plenary Session of the 14th CPC Central Committee and on the basis of the principle of integrating package reform with breakthroughs in key areas, the SETC put forward an enterprise reform plan at the end of last year [1993] for “transforming operating mechanisms and creating new systems in tens of thousands of enterprises.” Over the past year, under the leadership of the party central committee and the State Council, various localities and departments have appropriately handled the relationship among reform, development, and stability and have strived to do their work well. As a result, new progress has been made in enterprise reform.

The “Enterprise Law” and the “Regulations on Transforming the Operating Mechanisms of Industrial Enterprises Owned by the Whole People” have been further

implemented. All 15 implementation procedures in connection with the “Regulations” have been promulgated. Compared with last year, the 14 independent managerial rights of enterprises have further expanded; government interference in product prices, mandatory planning, operational scope, industrial and commercial registration, labor and personnel affairs, and wages has declined; the “General Principle for Guiding Enterprise Financial Affairs” and the “Norms for Guiding Enterprise Accounting” have been promulgated; a new enterprise financial and accounting system has been basically established; everything has been operating smoothly; the formulation and implementation of the “Enterprise Supervision and Management Regulations” has created conditions for further implementing the “Regulations on Transforming the Operating Mechanisms of Industrial Enterprises Owned by the Whole People;” and new progress has been made in adjusting the structure of enterprises and in probing reform of the system of property rights. The practice of “closing, suspension, merging, shifting to other lines of production, contracting out, leasing, selling, and bankruptcy” has been carried out in some enterprises; the “Company Law” and other laws and regulations have been promulgated on the basis of gaining experiences in carrying out experiments in the shareholding system at selected units and in carrying out other types of experiments, thus providing a way for gradually placing enterprise reform on a legal basis; the work of reappraising the stocks and assets of more than 10,000 large and medium state-owned enterprises has been basically completed; the state is making preparations to send boards of supervisors to 1,000 state-owned enterprises; after more than six months of preparations, the State Council recently held a meeting to make concrete arrangements for carrying out experiments at 100 selected enterprises; the experiments are now under way; the experiment of “optimizing the capital structure” of enterprises in some cities is being conducted, and some progress has been made in increasing the assets of enterprises, transforming them, separating taxes from profits, and allowing enterprises to go bankrupt. In short, the formulation of important measures for reforming the macroeconomic structure this year has deepened the reform of enterprises. The external conditions and the legal environment of enterprise reform are being improved. Enterprises have enhanced their consciousness of changing their concepts, transforming their operating mechanisms, and moving toward the market. Tackling deep-seated contradictions and establishing new systems have become the urgent needs of enterprises. The contents of enterprise reform will become more profound and broader next year.

While affirming the mainstream and achievements of enterprise reform, we must attach great importance to the existing difficulties and problems of state-owned enterprises, particularly large and medium state-owned enterprises, and strive to solve them earnestly. After 15 years of reform, we have initially tackled the numerous contradictions and difficulties left over to enterprises by

the traditional planned economic structure. Nearly all of the existing contradictions are very difficult and deep-seated ones. For example, no separation of functions and responsibilities between government and enterprises; no clear responsibility for property rights; enterprise owners do not have full managerial powers; the system of managing state assets is defective; the system of social security is imperfect; and enterprises have long been plagued by debts, overstaffing, and social burdens.

Then how shall we tackle those deep-seated contradictions? The "decision" of the Third Plenary Session of the 14th CPC Central Committee pointed out that the establishment of a modern enterprise system represents the orientation of reform of China's state-owned enterprises. To tackle deep-seated contradictions, it is imperative to implement a new enterprise system. However, the establishment of a modern enterprise system is an arduous and complicated undertaking, it requires the accumulation of experience and the creation of necessary conditions, and should be conducted step by step. Therefore, under the unified leadership of the State Council and in compliance with the demand put forward by Premier Li Peng in his report on the work of the government delivered at the Second Session of the Eighth National People's Congress that "this year a group of large and medium-sized state-owned enterprises will be selected to experiment with the new system in accordance with the 'Corporation Law,'" concerned departments have made concerted efforts and done a lot of work on establishing a modern enterprise system at selected units on a trial basis. The preparation work is in the main completed. Recently, the State Council especially held a meeting on this matter and the work of experimenting with the new system at selected units has entered the implementation phase.

[Unidentified reporter] How should we understand and comprehend the profound meaning of establishing a modern enterprise system?

[Wang Zhongyu] The establishment of this system is an inexorable requirement of the development of mass production and a market economy. In a certain sense, without the support of a new enterprise system with full vitality, without the entry of tens of thousands of modern enterprises into the market, and without an effective combination of public ownership and a market economy, it will be difficult for us to establish a socialist market economic structure with Chinese characteristics.

The establishment of a socialist market economic structure aims at enabling the market to play the fundamental role in resource allocations under macroeconomic control by the state. Therefore, the operation of enterprises must follow the requirement of the law of value, be adaptable to the change of supply and demand, and allocate resources to places with the best results by activating the role of economic levers and competitive mechanisms. In other words, an enterprise should be able to promptly adapt itself to the state's macrocontrol

policy and signals from the market and, under the guidance of the state's macrocontrol policy and signals from the market, allocate manpower, materials, and money to places where the enterprise can gain maximum economic benefits. In this way, it can reasonably and effectively allocate resources in society. To enable enterprises to react promptly to the state's macrocontrol policy and signals from the market, enterprises as legal entities must be given property rights, enjoy and assume civil rights and responsibility, and be capable of being responsible for their operation. Therefore, to establish a socialist market economy, we must establish a modern enterprise system with the publicly-owned sector as the mainstay and the improvement of enterprises' status as legal entities as the core. This reflects the inner link between the modern enterprise system and the socialist market economic structure, and is also the foundation for the establishment of a socialist market economic structure.

[Unidentified reporter] What are the goals of selecting 100 enterprises to experiment the modern enterprise system?

[Wang Zhongyu] The transfer from an enterprise system under the traditional planned economy to an enterprises system suitable for the socialist market economic structure is a profound change. The essence is to adjust relations of production to further liberate and develop the productive force. A modern enterprise system should not only adjust and regulate relations within the enterprise, but also adjust and regulate outside relations between the enterprise and investors, between the enterprise and creditors, between the enterprise and the government, between the enterprise and society, between the enterprise and the market, and between the enterprise and other enterprises. In this sense, the establishment of a modern enterprise system is a complicated system, the engineering of which includes the adjustment of relations within and outside the enterprise and involves all operations of an enterprise. It is related to government functions, enterprise mechanisms, enterprise management, administration of assets, social security, the market system, intermediate organizations, and historical burdens. In the course of change, it will face many key and difficult problems. To positively and properly promote the establishment of a modern enterprise system, the State Council decided to select 100 state-owned enterprises for experiments. The purpose is to explore ways for solving those key and difficult problems, improve the operation of state-owned large and medium-sized enterprises, and gain mature and practical experiences for promoting a modern enterprise system in an all-around way.

[Unidentified reporter] How should we understand comprehensively the connotation of a modern enterprise system?

[Wang Zhongyu] A modern enterprise system consists of four aspects: "clearly defined property rights as well as

rights and responsibilities of enterprises, the separation of government administration from enterprise management, and the establishment of scientific management." Hence, when trying out the system, it is necessary to carry out work in not just one but all aspects. Of these, "the separation of government administration from enterprise management" is the central link. To put it briefly, the core contents of modern enterprise system include: (1) a sound system of enterprise legal entities; (2) a strict limited liability system; and (3) a scientific enterprise leadership structure and organizational management system. In establishing a sound system of enterprise legal entities, it is essential to define the property rights of enterprises as legal entities so that enterprises can truly become legal entities that enjoy rights and shoulder responsibilities independently under civil law. A strict system of limited liabilities connotes: (1) investors shoulder limited liability for the debts of enterprises according to the amount of their capital investment; and (2) enterprises shoulder limited liability for their debts according to the total amount of assets of the enterprises as legal entities. A scientific enterprise leadership structure and organizational management system requires the establishment in enterprises of power, decisionmaking, executive, and supervisory organs which are independent and capable of checking and balancing as well as coordinating one another to form an effective organizational guarantee for enterprises to enter the market and to operate independently.

The establishment of a modern enterprise system is aimed at setting up an enterprise system commensurate with the requirements of the socialist market economic structure. Under the condition of various economic sectors developing side by side in China, corporate-type enterprises, as a typical form of enterprise, exist side by side with enterprises with investments coming from a single source, partnership enterprises, and share-holding cooperative enterprises, forming China's enterprise system. As far as the numbers of enterprises are concerned, the overwhelming majority are noncorporate-type enterprises; while the corporate system is the predominant organizational form among key enterprises. Standardized corporations are superior in many ways, which can help enterprises become legal entities and compete in the market. Through implementing the corporate system, enterprises can explore ways for establishing the modern enterprise system. Of course, not all state-owned enterprises should carry out reorganization to become corporations. Due to the differences in scale, technology level, production orientation, and other factors, many state-owned enterprises should adopt other organizational forms than that of corporations. Regardless of the form adopted by enterprises, the form should clearly define the property rights as well as the rights and responsibilities of enterprises, should separate government administration from enterprise management, and should establish scientific management for achieving the optimal results of enterprise efficiency in line with the requirements of the socialist market economic structure.

It is necessary to guard against the understanding of a modern enterprise system as the listing of shares in the market and internal fund-raising, or against changing enterprises into corporations in name only.

[Unidentified reporter] What are the specific focuses and difficult spots that the pilot project on modern enterprise system will tackle?

[Wang Zhongyu] One of the six major issues for next year's enterprise reform, identified by the central economic work conference, is: "The central as well as provincial and municipal governments will select a number of enterprises to experiment with the modern enterprise system while standardizing the existing stock companies, especially listed companies." There are myriads of tasks in promoting enterprise reform and establishing the modern enterprise system to invigorate large and medium state-owned enterprises. Therefore, it is necessary, in accordance with the guidelines of the central economic work conference, to pay close attention to the three key areas of separating government administration from enterprise management, improving the internal management of enterprises, and gradually establishing a social security system. The focuses and difficulties that the pilot project will tackle are mainly the following five aspects:

(1) Straighten out the relationship of property rights to clearly define the source of investment.

The central link of establishing a modern enterprise system is the separation of government administration from enterprise management. The first and foremost task in separating government administration from enterprise management in carrying out the pilot project is to straighten out property rights. As for the state, it is necessary to separate the functions as the owner of state assets from those of the supervisor of society; in other words, the government's functions in the administration of state assets must be separated from those of the management. As far as the relationship between the state and enterprises is concerned, it is necessary to separate investors' ownership from the property rights of enterprise legal entities and to establish the legal status of investors' ownership in enterprises. It is necessary to clearly define the source of investment for state-owned assets and the organization holding state shares under this precondition.

(2) The majority of pilot enterprises will be restructured into limited liability companies.

According to the provisions in the "company law," in China the term companies refers to limited liability companies and limited liability stock companies. In carrying out the pilot project on a modern enterprise system, the majority of enterprises will be restructured into limited liability companies, while a few qualified enterprises can be restructured into limited liability stock companies. The majority of limited liability companies should be companies with multiple shareholders;

and enterprises manufacturing special products and belonging to specific trades should be restructured to become state-owned corporations with investments coming from a single source. Among limited liability stock companies, there will only be a few listed companies whose establishment should go through strict examination.

To diversify the pool of shareholders, companies can take in shareholders through share replacement, through shareholders' investment, through merger, through transfer of the ownership of shares, through assimilation of foreign-invested shares, through shareholding by workers and staff, and through transfer of shares from nonbank credit. The proportion of state shares in a company should be decided in accordance with the industrial policy and the company's role in the national economy and its share distribution. Generally speaking, the state can hold shares of enterprises in competitive trades; but must control the shares of key enterprises in the pillar and basic industries.

(3) Establish standardized administrative bodies of legal entities in pursuance of the "company law."

In line with the principle that power, decisionmaking, executive, and supervisory organs are independent and capable of checking and balancing as well as coordinating with one another, the pilot enterprises should establish a company administrative body consisting of the general meeting of shareholders, the board of directors and managers, and the board of supervisors; and should draw up the company's articles of association, which should prescribe the rights and responsibilities of each of these components. The administrative bodies of legal entities should be established strictly according to the "company law." Pilot enterprises which have already become companies should also be standardized strictly according to the "company law."

In establishing the modern enterprise system, state-owned enterprises should persist in bringing into play the role of party organizations as the political core and should rely on the working class wholeheartedly. How should enterprise party organizations bring into play their role as the political core in the process of restructuring enterprises and especially after the restructuring is an issue of common concern? The pilot enterprises should be active in exploring, and be bold in implementing new measures for bringing into play the role of party organizations. To explore new ways for establishing an enterprise leadership system commensurate with the requirements of the modern enterprise system, they should, in accordance with different circumstances, draw up various trial procedures and interim regulations and continuously improve them in the course of practice.

(4) Appraise and increase the capital of enterprises on the basis of an inventory and check of stockpiles and capital.

In conjunction with an inventory and check of the stockpiles and capital, and pursuant with the relevant state provisions, the pilot enterprises should clarify debts receivable and debts payable and readjust the structure of assets and liabilities. On the basis of the inventory, they should appraise the assets (including both tangible and intangible), verify the amount of assets owned by enterprise legal entities, approve the enterprise capital, and do a good job in completing the definition and registration of property rights.

As far as the relationship between the state and enterprises is concerned, the state should build the mechanism for increasing the capital of state-owned enterprises, especially old enterprises. To increase production and operational funds, enterprises should mainly rely on themselves while the state should provide incentives in terms of income tax and credit policies.

(5) Take the initiative to solve enterprises' problem of excessive debts.

This problem is rather complicated and should be solved step by step through earnest investigations and analyses of the causes of enterprise debts and through working out overall arrangements. Enterprises' latent losses, assets losses, loan losses caused by inexorable natural disasters and policies, and other truly unreasonable debts, which are clarified during the inventory and check, shall, after examination and verification by the relevant departments, be handled case by case according to the provisions in the State Council's relevant documents. In accordance with the industrial policy and an enterprise's role in the national economy and its ability to pay debts, part of the enterprise's debts caused by "the change from financial allocations to loans" can be shifted to the state's funds. Enterprises that cannot pay matured debts and are hopelessly deficit-ridden should declare bankruptcy in line with the spirit of the "bankruptcy law" and the "State Council circular on relevant issues concerning trial declaration of bankruptcy of state-owned enterprises in several cities." It is necessary to strengthen organizational leadership over bankruptcy, to guard against distortion of the policy and against false bankruptcy to evade debts, to establish a bankruptcy warning-and-control system, and to explore ways for enterprises on the verge of bankruptcy to carry out reorganization. It is also necessary to clear debts and carry out reorganization of financial departments, banks, and state-owned enterprises in selected cities.

In addition, it is necessary to adopt vigorous measures suited to the local condition to lighten enterprises' financial burdens in supporting social undertakings and settling surplus personnel.

[Unidentified reporter] In view of these focuses and difficult problems, the establishment of a modern enterprise system is indeed a brainstorming of institutional innovation as well as a complex systems engineering project. You have talked about the need to combine

enterprise reorganization, restructuring, and transformation. Would you please discuss the relationships of the three?

[Wang Zhongyu] This is a very important question. In improving state-owned enterprises' performance, it is imperative to persist in giving equal emphasis to institutional innovation and operational and technological innovation and to strengthen the internal management of enterprises by combining their reorganization, restructuring, and transformation. "Reorganization" is aimed at readjusting irrational enterprise organizational structure, promoting the optimization of stock assets, raising returns through an economy of scale, and enhancing the overall market competitiveness of Chinese enterprises; "restructuring" is aimed at carrying out institutional innovation, establishing the modern enterprise system in keeping with the requirements of socialist market economy, and laying the foundation for a market economy; and "transformation" is aimed at strengthening the intensity and quickening the pace of technical transformation of enterprises, raising their technological level, building up their stamina for further development, and increasing their actual strength. We may as well view the relationships of the three in this way: "reorganization" is the precondition because only after necessary readjustment of structure can the targets of restructuring and transformation be defined; only through restructuring can enterprises be imbued with new mechanisms and vitality and can transformation be truly carried out; without going through the necessary transformation, enterprises cannot update their technical equipment and will have no stamina for further development. Therefore, these three should proceed simultaneously.

In invigorating state-owned enterprises, it is practically impossible to invigorate each and every state-owned enterprise. It is necessary to conduct a strategic analysis of the present condition of state-owned enterprises and seize the key areas to carry out strategic readjustment of the organizational structure. We envision that by combining reorganization, restructuring, and transformation in a number of selected large and medium state-owned enterprises, we can enliven these enterprises to ensure the state sector of the economy's control over the lifelines of the national economy and to bring into play its dominant role in economic development. After completing the inventory and check of the stockpiles and capital, all localities and departments should pool some manpower and material resources and use the host of data obtained during the inventory and check to conduct an overall analysis of state-owned enterprises. In accordance with the state industrial policy and plans of localities and trades, they should put forth measures and suggestions for achieving the strategic shift of state-owned assets, structural readjustment, and optimization of the stock in each locality or department.

Meanwhile, to consolidate and expand the achievements of reorganization, restructuring, and transformation, it is necessary to strengthen the internal management of

enterprises. They should focus attention on internal management and work hard to effectively improve all aspects of operations. They should change the internal operating mechanisms, harness the enthusiasm of various sectors, and draw up enterprise development strategies so as to strengthen basic management in a true sense. Particular emphasis must be placed on strengthening financial and cost management, quality control, and funds management. It is necessary to encourage large and medium state-owned enterprises to increase spending on research and development so as to continuously raise their technical quality and keep up with the pace of global technological progress.

[Unidentified reporter] What should be done to ensure success of the pilot project?

[Wang Zhongyu] To ensure success, the pilot project should not be carried out in isolation. To achieve the desired results, it is necessary to pay close attention to properly handling the relations in the following two aspects:

(1) Properly handle the relations between "points" and "areas."

The pilot project, approved by the State Council, includes experiments in the modern enterprise system in 100 enterprises, by enterprise groups in a number of enterprises, by state-owned holding companies in three enterprises, and by "optimizing the capital structure" in enterprises in 18 selected cities. In addition to the 100 pilot enterprises designated by the State Council, various localities and departments have so far selected a number of enterprises for carrying out experiments. In view of the numerous pilot enterprises, we suggested that before their experiences are summarized, no additional enterprises should carry out experiments.

The establishment of a modern enterprise system is an institutional innovation which is bound to conflict with the original system and existing policies in some ways. Hence, it is necessary to select a number of enterprises for experiments. If an experiment cannot be carried out in an area, it should be first tried out at selected points. If the experiment is a success, its experiences should be promptly institutionalized, codified, and popularized in an entire area. In carrying out the pilot project, it is necessary to reform and readjust the existing system and policies in accordance with the guidelines of the "decision" adopted by the Third Plenary Session of the 14th CPC Central Committee for popularizing experiences throughout the country. Hence, pilot enterprises should not rely on preferential treatments but should go ahead before other enterprises in carrying out institutional innovation and policy readjustment.

While paying close attention to the pilot project and striving to achieve breakthroughs in key points, it is also necessary to promote enterprise reform in all areas. Efforts should be made to continue the implementation of the "enterprise law" and the "regulations for changing

the operating mechanisms of state-owned enterprises." The key to changing the operating mechanisms lies in transforming the government's functions and separating government administration from enterprise management to create a favorable external environment for enterprises to enter the market. Efforts should be stepped up to implement the "regulations for supervising and managing state-owned assets" and to truly strengthen the supervision and management of state-owned assets in line with the principle of "state ownership, administration at different levels, division of supervision, and management by enterprises. Efforts should also be made to deepen the campaign to "change the mechanisms, improve operations, strengthen internal management, and raise efficiency," going all out to stop deficits and to start earning profits, to build up leading bodies, to establish sound mechanisms, and to develop quality products.

A number of outstanding enterprises have emerged in deepening enterprise reform in recent years, especially in changing operating mechanisms, strengthening management, stopping deficits and starting to earn profits, tiding over difficulties, and relocating personnel. Earnestly summarizing these experiences for popularization in enterprise reform in more areas is an important task.

(2) Properly handle the relations between enterprise reform and coordination of macroeconomic reform.

The experience of reform in the past 15 years shows that without coordination of macroeconomic reform, it is ultimately difficult to carry out enterprise reform. This is reflected not only in the process of advancing enterprise reform from the easy and exterior part to the difficult and interior part, but also in the process of promoting macroeconomic and microeconomic reforms alternately. The most important measures of the ongoing macroeconomic reform are: (1) changing government functions for carrying out institutional reform; and (2) establishing a social security system to bring a larger sector of society under insurance coverage. These are the focal points for coordinating next year's macroeconomic reform.

[Unidentified reporter] The State Council has decided that the SETC will take the lead to organize departments concerned to carry out experiments. Would you please tell us what the SETC will do specifically to carry out experiments?

[Wang Zhongyu] The State Council has designated the SETC to take the lead to organize the State Economic Restructuring Commission and other departments and units concerned to carry out experiments, with major issues to be studied and decided by the State Council. In other words, the pilot project is to be carried out under the State Council's supervision. Recently the State Council approved the establishment of a ministerial joint conference for studying and formulating relevant policy measures and ensuring good coordination. The ministerial joint conference is to be chaired by the SETC and participated in by the State Planning Commission,

the State Economic Restructuring Commission, and 13 other departments. On 24 November, the ministerial joint conference called the first meeting to decide on its primary duties. They are: to become familiar with and control the progress in experimentation by the 100 State Council-designated enterprises, by selected enterprises in various localities and departments, and by enterprises in the 18 pilot cities for "optimizing the capital structure;" to coordinate efforts to find solutions to difficult problems at pilot enterprises; to periodically report the progress in experimentation to the State Council and to make suggestions for the future stages of the work; and to discuss and study policy measures related to the pilot project. The meeting also decided to set up a system of working meetings by liaison personnel.

There are many favorable conditions for advancing the pilot project. First of all, the "decision" adopted by the Third Plenary Session of the 14th CPC Central Committee has provided the theoretical guidance for establishing a modern enterprise system. Second, preparations for the pilot project have been smoothly completed. During the preparatory stage, 14 relevant departments of the State Council, under its unified leadership, organized forces to study issues related to the pilot project and worked out a "program on experimentations in a modern enterprise system in a number of selected state-owned enterprises." Meanwhile, an SETC task force conducted a comprehensive investigation and study on various aspects of enterprise reform, and drew up the "plans and suggestions for deepening enterprise reform and invigorating large state-owned enterprises." These two documents were approved, in principle, at a recent meeting chaired by a State Council leader concerned for studying issues related to the pilot project; and were revised after in-depth discussions at a recently convened "national work conference on establishing a modern enterprise system at selected points." In accordance with the first meeting of the ministerial joint conference's decision, the revised documents will be submitted to the State Council for approval and will be distributed to various localities and departments as the basis for organizing the implementation of the pilot project in the near future.

In carrying out the pilot project, it is necessary to pay close attention to the work in the following aspects:

(1) Obtain a Clear Understanding of the Situation, Achieve Unity in Thinking, Clearly Define the Tasks

We must fully recognize the indelible contributions by state-owned enterprises—large and medium state-owned enterprises in particular—to the national economic development over the past 45 years since the PRC's founding, especially since the introduction of reform and opening up. Due to hindrances in the past, heavy financial burdens for supporting social undertakings, and outdated equipment and structure, some trades and enterprises are experiencing difficulties in production and management today. The only way for them to

extricate from these difficulties and problems lies in deepening reform. The party Central Committee and the State Council have always paid close attention to enterprise reform. The situation calls on us to ensure enterprise reform. The central economic work conference decided that beginning from next year, deepening the reform of state-owned enterprises should be the focal point of economic structural reform, thus providing a favorable condition for further deepening enterprise reform. We must, in response to the call of the party Central Committee and the State Council, make determined and vigorous efforts to successfully carry out the reform of state-owned enterprises, a major task having a vital bearing on the success of economic structural reform and the consolidation of the socialist system. Hence, all localities, departments, and pilot enterprises should conscientiously study and thoroughly understand the "decisions" adopted by the Third Plenary Session of the 14th CPC Central Committee and the central economic work conference guidelines; and, in compliance with the requirements of the "national work conference on establishing modern enterprise system at selected points," achieve unity in thinking and enhance understanding so as to lay the ideological foundation for smoothly carrying out the pilot project. Governments at all levels and departments concerned should clearly define the tasks, carry out their duties, ensure good coordination, and pool the efforts of all. As all localities and departments share a common responsibility in successfully carrying out the pilot project, they must proceed from the realities in carry out work centering around the pilot project so as to create the conditions for actively and prudently carrying out experimentation.

(2) Step Up Efforts To Draw Up Practical Plans for Carrying Out Experimentation

All localities, departments, and pilot enterprises should step up efforts to draw up their own plans for implementing the pilot projects. They should, in line with the requirements of the "program on experimentation," draw up detailed rules for carrying out experimentation in light of the reality in each locality, department, or enterprise. They may supplement or readjust the contents of the pilot project and may have their own choice in the order of experimentation and in the emphasis of achieving breakthroughs in key areas. All pilot enterprises should report their implementation plans to the provincial or municipal government and the State Council for the record.

(3) Strengthen Leadership, Ensure Good Follow-Up Work

All localities and departments should earnestly analyze the basic condition of pilot enterprises and, in accordance with state industrial policy and plans of localities and trades, and give different guidance to suit different conditions. Local economic and trade commissions should work together with relevant departments in promptly dispatching joint work teams to go down to

pilot enterprises to carry out follow-up investigations to obtain first-hand information in good time and to solve new problems cropping up in experimentation. They should be apt at identifying new experiences and summarizing examples of outstanding experimentation; and should promptly exchange and popularize such experiences and examples to facilitate pilot enterprises to achieve the desired results. They should continue to step up efforts to search for theories for establishing a modern enterprise system by sponsoring various kinds of seminars and extensively drawing on domestic and foreign research fruits for continuously deepening reform.

(4) Step Up Efforts To Formulate Supporting Documents

It is necessary to step up efforts to formulate the 12 documents supporting the "program on experimentation." So far, departments have been assigned for taking the lead to formulate the documents. The 12 supporting documents will be published in three groups at the end of this year and in the first and second quarters of next year. In accordance with the decision of the first meeting of the ministerial joint conference, these supporting documents will be drafted by various departments; be revised at the joint conference after solicitation of opinions from localities, departments, and pilot enterprises and after discussion at the joint conference; be submitted to the State Council for approval; and be published upon maturity.

We are convinced that under the State Council's unified leadership, and with the good coordination of all localities and departments and active exploration and bold practice by all pilot enterprises, experimentation on a modern enterprise system will surely yield fruitful results.

Wu Bangguo Discusses Enterprise Reform

OW0201120595 Beijing XINHUA Domestic Service in Chinese 1205 GMT 20 Dec 94

[By RENMIN RIBAO reporter Mo Xinyuan (5459 2450 0337) and XINHUA reporter Li Anding (2621 1344 1353)]

[FBIS Translated Text] Beijing, 20 Dec (XINHUA)—Addressing the national work meeting on economy and trade, which ended here today, Comrade Wu Bangguo, member of both the CPC Central Committee Political Bureau and the Secretariat, said the major tasks for the nation's economic and trade work next year will be conscientiously deepening experiments in reforming state-owned enterprises and strengthening the overall coordination of national economic operations to guarantee the sustained, rapid, and healthy development of the national economy. The meeting also decided that all work to be carried out next year will be geared toward curbing inflation and enhancing the quality and efficiency of economic growth.

Comrade Wu Bangguo said: The just-concluded central economic work conference was a very important one. To properly implement its guidelines, comrades dealing with the economy and trade should unify understanding in three aspects. The first is to clearly define curbing inflation as the most essential task and important principle in next year's macroeconomic regulatory efforts. Inflation will harm economic development, confuse economic relations, mislead resources disposal, twist the interest structure, and cause social instability. As it is also directly or indirectly related to enterprises' operating mechanisms, it is necessary to organically link checking inflation with deepening reform of state-owned enterprises by bringing out the important role of state-owned enterprises in stabilizing commodity prices and curbing inflation. Second is to take enhancing the quality and efficiency of economic growth as an important guiding principle for economic work. The most important issue in current economic growth does not lie in its low speed but rather in its low quality and efficiency. Enhancing the quality and efficiency of economic operations will have a bearing on reform, development, and overall stability, making itself a core element in shifting economic development strategy, the result of which will be used as the most important criterion in evaluating economic work. Third is the better understanding of the urgency and long-term nature of deepening reform of state-owned enterprises to strengthen confidence in improving their performance. Doing a good job in reforming state-owned enterprises will be important not only to China's sustained, rapid, and healthy economic development, but also to the consolidation of the basic socialist system. As the current mission of reforming state-owned enterprises has been urgent, it is necessary to have a clear understanding of the complexity and difficulties in reforming the state-owned enterprises, keep moving ahead despite known difficulties, and be ready for a long period of hard work.

Touching on deepening reform of state-owned enterprises and further improving performance of state-owned large and medium-sized enterprises, Wu Bangguo pointed out: Reforming state-owned enterprises will be the focus of economic restructuring programs to be deepened next year. Valuable experience in enterprise reform has been accumulated in the past 15 years; "decisions" adopted by the Third Plenary Session of the 14th CPC Central Committee pointed out the direction for deepening enterprise reform. Macroeconomic reform measures on finance and taxation, banking, foreign exchange, foreign funds, and investment introduced this year and their smooth implementation have created favorable conditions for next year's enterprise reform. Recently, the State Economic and Trade Commission, in cooperation with other relevant departments, made concrete arrangements on enterprise reform experiments. Overall, the current situation in economic restructuring is fine, with rare opportunities emerging in deepening enterprise reform. Wu Bangguo emphasized: Three tasks have to be carried out properly in deepening reform of

state-owned enterprises next year: First is to solidly promote experiments; mean business; avoid rushing headlong into mass action, uniformity, and formalism; and refrain from evading contradictions and difficult points. Experiments on establishing a modern enterprise system to be carried out in 100 enterprises designated by the State Council will be realistically carried out next year. Also, "optimal capital structure" experiments will be conducted at 56 enterprise groups, three state holding companies, and 18 city enterprises. Breakthroughs should be made and experience gained to provide guidance. Second, the reform of state-owned enterprises should aim at improving the quality of the entire state-owned economic sector. To improve the state-owned sector as a whole, great efforts must be made to support the industries and enterprises of good growth potential and a number of enterprise groups of strength and good economic efficiency, optimize the combination of production factors, and promote the readjustment of industrial and enterprise structures. In the next year, we should concentrate on helping a number of key large enterprises and enterprise groups truly invigorate themselves; and through their invigoration, promote the gradual invigoration of the entire state-owned economic sector. Third, we should properly integrate reorganization, restructuring, and transformation. In the reform of state-owned enterprises, we should not only deal with the property rights issue, and we should also properly integrate the strategic readjustment of industrial structure with the technological progress of the enterprise according to the state's industrial policy and technological transformation plan. It is necessary to step up technological transformation and increase investment in technological transformation; and industries and enterprises with good growth potential should enjoy higher priority in technological transformation. In technological transformation, we should gradually achieve "three changes." We should change the source of investment from mainly the government to mainly the enterprise, change the management mode from examination and approval of project applications to policy guidance, and change the coverage from exclusively state-owned enterprises to all enterprises with state-owned enterprises remaining predominant.

On how to make overall coordination of economic operation and improve the quality and efficiency of economic operation, Wu Bangguo said: An important functional duty of the State Economic and Trade Commission is to make overall coordination of the national economy. It is necessary to continue to improve the "three systems" established by the State Economic and Trade Commission—the system of the economic operation coordination conference, the system of the meeting of economic and trade commission directors, and the system of monthly monitoring and analysis of economic operation indexes. They are very effective means for making overall coordination, but they should still be further improved. We should learn how to solve problems in the macroeconomic regulation and control

methods of a market economy. We should place the national economy within controllable limits, rely mainly on macroeconomic regulation and preregulation, and avoid large fluctuations. We should earnestly serve the grass-roots level and enterprises and make prompt coordination to solve difficult problems in production. The economic and trade commissions at all levels should work for enterprises. During the course of coordination, we should particularly pay attention to coordinating the market supply and demand of important commodities which concern the national economy and the people's livelihood. We should make a good connection between the production and marketing of coal, electricity, timber, oil products, and cotton; guide enterprises in meeting the demand of both the domestic and international markets; promote the production of products of good marketability and economic returns; and increase the supply of essential goods. It is necessary to improve the management of capital funds, shorten their turn-over time, and alleviate fund shortages.

During the period of the meeting, Comrade Wu Bangguo participated in small group discussions and seriously listened to the delegates' views and suggestions on how to do a good economic and trade work next year.

Tian Jiyun Calls For Economy-Related Legislation

OW3112140294 Beijing Central Television Program
One Network in Mandarin 1100 GMT 12 Dec 94

[First in a series of reports on interviews under the rubric "Market Economy Calls For Legislation"; this report entitled "Squares and Circles Cannot Be Drawn Without a Carpenter's Square and a Compass"—from the "National News Hookup"]

[FBIS Translated Excerpt] [Announcer] The market economy needs to be governed by law, just as sports events need rules. While the socialist market economy is being constantly fine tuned in our country today, economic prosperity is accompanied by disorderliness under the competition for prosperity. The key to achieving sound economic prosperity lies in handling well the relationship between market economy and legislation. To call the attention of the entire society to governing the market economic behaviors with law, this station will begin broadcasting a series of reports under the general title: Market Economy Calls For Legislation. The first report being broadcast today is entitled: Squares and Circles Cannot Be Drawn Without a Carpenter's Square and a Compass. [passage omitted]

[Begin recording] [Tian Jiyun] In a certain sense, we may say that the market economy is an economy governed by law. In the past, we practiced a highly centralized planned economy system. The planned economy system basically relies on administrative means to organize economic operation. A market economy, unlike a planned economy, mainly relies on economic means to

organize economic operations. However, in using economic means, one must not go one's own way at will. Economic means must be governed by standards, rules, and regulations. To ensure that they are governed this way, it is necessary to have laws which embody the fundamental interests of the state and the people and which have binding force. So, we may say that a sound legal system is a guarantee and backing for the market economy. Without a sound, perfect legal system, the market economy will be chaotic and inconceivable. For this reason, to improve the legal system is a very imperative task in our country at present, particularly during the shift from a planned economy to a market economy. [end recording]

NPC Member on Protecting Environment, Property Rights

HK0201065395 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 2 Jan
95 p 3

["View point" column by Li Yining, head of Beijing University's Department of Economics and Management and standing committee member of the National People's Congress: "Property Rights Essential to Caring for Environment"]

[FBIS Transcribed Text] Conservation of resources is very significant to both the economic development and environmental protection in China and is, in fact, closely related to a clear definition of property rights. Understandably, some investors in the past did not treasure natural resources because property rights were not clearly defined.

So the question in the context of economic reform is: How can we promote the concept of conservation and protection of resources backed by the idea of property rights?

The analysis can focus on three aspects.

Firstly, the state should introduce laws and regulations to guide the recovery and the use of natural resources. Based on these regulations, the government could introduce a licensing system to supervise investors exploiting and using resources.

Also through legislation the state can prevent illegal mining and stop the abuse of natural resources. For resources which cannot be recycled, the government should impose a quota system on recovery and use. Restrictions should also be imposed on the transfer of property rights to avoid irrational mining.

This would clarify investor property rights and they would be able to exploit natural resources more reasonably. Again, to prevent irrational mining, resources could be transferred on a schedule. The state should take into account the immediate well-being of its people as well as the long-term benefit of society and future generations.

These should be the principles behind regulations on the use and recovery of resources. As rights to exploit resources become common practice, controls on mining become more essential to the long-term benefit of society.

Secondly, with the establishment of property rights, a price mechanism can guarantee rational exploitation and use of resources; the price should reflect both the cost of recovery and eventual income.

The cost must include three components. The first being the cost of production, including fees generated at that stage and during operation and trading. The second element is the cost of consuming a limited natural resource. The third element is the environmental fee—compensation and the cost of managing the environment which may be damaged in the mining process.

Obviously, it would be wrong to count only the production cost in the calculation and neglect compensation for both consumption of a limited resource and environmental damage. Natural resources are the common assets of all mankind and of society; they are finite so investors should pay a fee for their consumption.

The same rationale can be applied to the management fee and compensation for environmental damage. The natural environment is owned by all people. However, mining and resource exploitation damage that environment, more especially in some industries. Thus, the miners should also pay management fees and compensation for the environmental problems they cause.

Assuming that the cost now includes these three elements—production cost consumption fees and environmental management fees—the price should reflect the property rights of all mankind. In the other words, it confirms that natural resources are commonly owned by people.

Prices are formed spontaneously. It is impossible to put production cost, consumption cost, environmental compensation and management fees together.

That is why we need the government to impose taxes on resources consumption. The consumption cost, management fees and compensations should be fixed first. Then the prices for different materials can be adjusted by the market.

The third major point is that investors and users of natural resources should have the concepts of environmental protection and conservation well established in their minds.

This would lead to a better understanding of property rights and the fact that resources are the common assets of all mankind. If there is a lack of environmental awareness, rational use of natural resources would be impossible, even with property rights.

Programmes regarding the above three areas should be implemented in unison. Only through the balanced promotion of these three areas can reasonable use of

resources be achieved and property rights clearly defined. Also, the distribution of resources will become more efficient and fair.

Official on Price Reform, Rising Wages

HK3112061994 Beijing CHINA DAILY in English 31 Dec 94 p 1

[By Wu Yunhe: "Growth Sets New Record in 1994"]

[FBIS Transcribed Text] China has achieved a sustained economic growth this year, with its gross domestic product (GDP) rising 11.8 per cent to a record 4,380 billion yuan (\$518.3 billion), the State Statistics Bureau announced yesterday.

The GDP growth rate indicated robust development in most of the country's economic sectors—despite the lingering double-digit inflationary pressure, bureau spokesman Ye Zhen said.

Ye said the annual inflation rate is 21.7 per cent this year, which has already aroused the serious concern of the central government.

Analyzing this year's price rises, Ye said: "This is the price we must pay for the country's reforms in taxes and grain prices, and for the rises in State employees' wages and bank interest."

Early this year, the State lifted the official ceiling on the price of major farm products.

In 1995, the central government will step up its efforts to rectify the country's market order and to map out an anti-profiteering law to ban speculative activities, which is a major culprit of stirring inflation, Ye said. It will also trim fixed assets investment and institutional spending to allow more money to be spent on agriculture and infrastructure projects.

This year's grain output hit 444.6 million tons, down 11.9 million tons from a year ago. But cotton production chalked up an annual increase of 500,000 tons to reach 4.25 million tons.

Despite the swelling inflation, the per capita income of urban residents reached 3,150 yuan (\$373) this year, up 7.8 per cent allowing for inflation. Rural residents saw their per capita income hit 1,200 yuan (\$142), up 5 per cent.

With fatter wallets, Chinese people have deposited more than 600 billion yuan (\$71 billion) in domestic banks this year. This year's figure is equal to the total bank deposits over the previous two years.

This year, the country's gross retail sales totalled 1,600 billion yuan (\$189 billion), up 7 per cent from 1993, after accounting for inflation.

Fixed assets investment, a factor that stimulates both the employment rate and inflation, chalked up a yearly increase of 28.5 per cent to reach 1,600 billion yuan (\$189 billion).

Industries that have, to some extent, relied on the increase in fixed assets investment, saw their incremental output value reach 1,840 billion yuan (\$217.7 billion) this year, up 18 per cent from last year.

Reporters Briefed on Three Gorges Project

OW0101120895 Beijing XINHUA Domestic Service in Chinese 1809 GMT 20 Dec 94

[By RENMIN RIBAO reporter Jiang Shijie (3068 0013 2638) and XINHUA reporter Lu Yongjian (7773 3057 1696)]

[FBIS Translated Text] Beijing, 20 Dec (XINHUA)—Construction of the Three Gorges Multipurpose Water Control Project on the Chang Jiang, which has commanded international attention, officially commenced on 14 December. Peng Jianhui, director of the State Council Information Office, held a news conference this morning for Chinese and foreign reporters. Guo Shuyan, Li Shizhong, Lu Yongjian and Tang Zhanjin, officials in charge of the Three Gorges Project Construction Commission, were invited to answer questions raised by Chinese and foreign reporters.

Preparations for Construction and Sources of Funds

[Unidentified Chinese reporter] Preparations had been under way for more than a year before construction of the Three Gorges Project officially began. Is construction proceeding according to plan, and can the project be completed on schedule?

[Lu Youmei] The construction period for the Three Gorges Project is 17 years from the time preparations began in 1993 to its completion in 2009. The period before the official commencement of construction was the preparatory stage. All preparations have been completed according to plan, and construction has officially begun. The current pace of construction is in full compliance with the master construction plan. Specifically, the first stage of the cofferdam on the right bank and the sluiceway of the Maopingxi protective project have been completed. Construction of special access roads is proceeding smoothly as are ground-leveling, concrete-mixing, and graveling projects. With the assistance of people across the nation and the support of relevant departments, the collection of money for the Three Gorges fund has proceeded expeditiously, and the money has been delivered to the relevant units on a timely basis. Concrete-pouring for the main structure of the project began on 14 December, thus signaling the official commencement of construction of the structure.

[Unidentified Hong Kong reporter] Will the amount of 90 billion yuan needed for the project remain at the same level or be subject to changes? How will you raise such a vast sum? Will you consider bringing in funds from abroad?

[Unidentified Guo Shuyan] The Three Gorges Project requires a sizable amount of capital. The fixed amount of

capital, as calculated in terms of prices at the end of May 1993, is 90 billion yuan. The project will begin generating income after the first set of generators goes on line in the 11th year (the year 2003) of construction. A balance in funds will be struck in the 13th year (the year 2005). Therefore, funds will be raised mainly during the first 13 years. The amount of funds needed on an ongoing basis before the year when a balance is struck will be 146.8 billion yuan.

Funds for the Three Gorges Project can be raised through three channels. The first is the construction fund for the Three Gorges Project. Nationwide, one li [a monetary unit equivalent to one thousandth of a yuan] will be charged for each additional kwh of electricity. The second is the profits generated by the Gezhouba Power Plant. Funds raised through these two channels can satisfy some 50 percent of the capital needed before the year when a balance is struck. Profits generated by the Three Gorges Power Plant from the year 2003, when it begins generating electricity, to the year 2005 can provide approximately 7.5 percent of the funds needed, while loans from the State Development Bank can supply roughly 17 percent. Some \$600 million in potential export credit for major equipment will provide about 4.5 percent of the funds. We will also consider issuing international financing bonds and seeking international commercial credits.

[Unidentified British reporter] When will you issue international financing bonds for the Three Gorges Project? Who will serve as the intermediary body?

[Guo Shuyan] China has retained some renowned international financial consulting firms for consultation and design services regarding the Three Gorges financing bonds, and for helping us to draw up relevant plans. They all believe the bonds should be issued in the initial stages of the Three Gorges Project. The bonds, which may be floated next year, will be issued in yearly installments. We have not yet decided on the intermediary body.

[Unidentified German reporter] Why not obtain World Bank loans for the Three Gorges Project?

[Guo Shuyan] China is a developing country that is actively seeking the World Bank's support for many of its construction projects. We do not plan to do the same with the Three Gorges Project, because we do not want to block the funding channels for other projects. Moreover, World Bank members are mostly developed countries who have varying views of the environmental appraisal for the Three Gorges Project. Construction of the project may be delayed if we refer it to the World Bank for discussion.

Major Equipment and Construction Methods

[Unidentified Chinese reporter] The Three Gorges Project needs a large amount of major equipment. How will you solve this problem?

[Lu Youmei] The Three Gorges Project will require large machinery and electrical equipment from around the world. We will select, through international bidding, equipment produced by manufacturers known for top quality and service from around the world. The project, which needs as many as 26 sets of 700,000-kw water turbogenerators, currently constitutes the world's largest market for these top-notch water turbogenerators. To adopt advanced foreign technology, and to promote the development of China's national industries, we will follow the principle of joint production with foreign countries in producing large water turbogenerators, power transmission equipment, and transformers. We will put out international tenders. Foreign manufacturers are welcome to enter bids for water turbogenerators and other major equipment. Domestic plants are also encouraged to jointly design and manufacture relevant equipment with their foreign counterparts.

[Unidentified Chinese reporter] What kinds of Chinese enterprises will have a role to play in the Three Gorges Project? Can you set a timetable for the Three Gorges Project based on market demand?

[Lu Youmei] The Three Gorges Project will be launched according to socialist market economic principles. We will select construction units through competition under the system of holding the operators responsible, the bidding contract system, the project supervision and management system, and the contract management system. Thus far, more than 20 units have won the competition for construction. Because of strong demand from the Three Gorges Project, construction materials enterprises, especially those producing steel products and cement, will have a tremendous role to play. And international bidding for the major equipment has commenced, and 371 contracts worth a total of 4.46 billion yuan have been signed.

The fixed amount of investment for the pivotal part of the Three Gorges Project is 50 billion yuan. Tenders for advanced construction equipment needed for the project will be invited in 1995. International bidding for generators and other main equipment will be conducted in 1996.

Environmental Protection

[Unidentified American reporter] When will tour boats be stopped from sailing after the damming of the Chang Jiang? It is said that towering waves reaching 80 meters [m] will be formed at the foot of the dam. Will there be any security measures? Sewage from Chongqing city will affect the water quality of the Three Gorges. Are cleanup fees included in the construction funds for the Three Gorges Project?

[Lu Youmei] When the Chang Jiang is dammed in 1997, a flow-directing canal will have been in place on the right bank and a temporary shiplock will have been installed on the left bank. Ships will be able to navigate, and

shipping in the Chang Jiang will not be affected. Nevertheless, shipping may be suspended for two to three months before the water level in the reservoir reaches 135 m. Travelers can transfer on land. A permanent shiplock will be put to use after the water level reaches 135 m. Generally speaking, travel will not be affected significantly.

Talk of 80-m-high towering waves being formed at the foot of the dam when the water level in the reservoir reaches 175 m is purely a result of misunderstandings. The water in the reservoir will be released mainly through the generation of electricity by water turbogenerators, and flood-discharge facilities will also help release water from the dam during the flood season. Given these water-diverting functions, 80-m-high towering waves will not be formed.

[Guo Shuyan] As the Three Gorges Project will elevate the water level in the Chongqing section of the Chang Jiang by merely 1.5 m, it will not block sewers in the city proper. Nevertheless, the discharge of sewage is indeed a problem. Chongqing city needs to improve its sewage treatment. Approximately 70 percent of the sewage in the Three Gorges dam area will come from Chongqing. Funds needed by Chongqing city for sewage treatment are not included in the construction funds for the Three Gorges Project. They will be raised through government allocations and loans, and with the support of international financial institutions.

[Unidentified Italian reporter] The construction of huge dams in some countries has caused climatic changes. Why do you think the Three Gorges Project will not have a disastrous effect on the climate around the Chang Jiang?

[Guo Shuyan] As the Three Gorges reservoir is located in a river course, the water level will not increase significantly. The climate will not be affected greatly. Roughly speaking, temperatures during the summer will decrease 1 to 1.5 degrees Celsius in areas between Chongqing and Yichang, while temperatures during the winter will rise by 0.8 to 1.3 degrees. The number of foggy days will increase by two days from the 60 days or so at present.

[Unidentified German reporter] What actions will you take to deal with silt?

[Guo Shuyan] Silt is a big problem for the Three Gorges Project. Every year, 5 billion tonnes of silt pass through Yichang. Three problems will arise from the dam's construction. The first is the effect of silt on shipping. According to experimentation with water control models, silt will not affect shipping within 30 to 50 years of the dam's construction. We can think of a way to solve problems arising thereafter. The second is the effect of silt on areas downstream from the reservoir, especially on the ports in Chongqing. Current experimentation with water control models shows that there will be no significant effects overall within 20 years of the dam's construction. Proper siting of the ports after that can

help solve this problem. The third is the buildup of silt in the reservoir. Through the disposal of muddy water at low levels during the flood season and the storage of clear water after floods, waterborne silt can reach a state of equilibrium after the Three Gorges reservoir has been in operation for 90 years. Feasibility studies are being conducted on the silting problem. Siltation experts have discussed this problem thoroughly and concluded that it can be solved. For the sake of meticulousness and safety, the Three Gorges Project Construction Committee established a siltation expert team in September 1993, which is continuing experimentation using physical and mathematical models on siltation.

Preservation of Cultural Relics in the Three Gorges Open Economic Zone and in the Reservoir Area

[Unidentified Chinese reporter] What is the significance of the State Council's decision to designate the Three Gorges reservoir area as an open economic zone? What are the priorities in developing the Three Gorges Open Economic Zone?

[Tang Zhangjin] The establishment of the Three Gorges Open Economic Zone and the implementation of policy on coastal economic open areas will surely play an important role in encouraging cities and counties in the reservoir area to extensively bring in domestic and foreign capital, technology, skilled personnel, and management expertise to promote local economic development and resettle displaced people. The Three Gorges reservoir area, which abounds in resources, has vast potential for development. 1) We can develop agricultural, sideline, and special local products, as well as the processing of food, light industrial, and textile products. 2) There are 53 types of mineral resources, the main ones being natural gas, salt, phosphorus, pyrites, and limestone. We can develop energy, chemical, and construction materials industries. 3) We can develop tourism and build the reservoir area into a tourist destination. Tourism-based tertiary industries are expected to develop greatly. Along with the resettlement of residents from the reservoir area, the relevant departments are currently drawing up the "Outlines of the Plan for Economic Development in the Three Gorges Area." We believe that the establishment of the Three Gorges Open Economic Zone will gradually help turn the Three Gorges reservoir area into an economically prosperous and environmentally enchanting new economic zone on the upper reaches of the Chang Jiang, where people live and work in peace and contentment.

[Unidentified Chinese reporter] Both the Chang Jiang and Huang He are the cradle of splendid Chinese culture. The Three Gorges reservoir area is full of cultural sites. How will you preserve them following the construction of the Three Gorges Project?

[Tang Zhangjin] Preliminary investigations and surveys show that a cultural unit under state protection and three cultural units under provincial protection will be submerged as a direct result of the Three Gorges Project.

There are three scenarios in this respect: 1) Fully submerged. The Temple of Zhang Fei in Yunyang is a case in point. 2) Slightly submerged. We are trying our best to preserve slightly submerged sites. 3) Cultural relics will not be affected. These sites will become new scenes as a result of environmental changes, and we will make them even more enchanting. Moreover, a new lot of cultural relics, which may possibly be unearthed during the construction of the dam, may become new tourist spots. In sum, we will continue to conduct investigations and surveys and devise new plans as we try our best to preserve cultural relics.

The Resettlement of Residents From the Reservoir Area

Before fielding reporters' questions, Guo Shuyan said: The Chinese Government has repeatedly stressed the importance of resettlement to the success or failure of the Three Gorges Project. Total budgeted compensation for resettling residents from the Three Gorges reservoir area is estimated at 40 billion yuan in terms of prices at the end of May 1993. This sum, which can compensate for losses caused by inundation, can also be used for developing the reservoir area on an appropriate scale. Compared to other hydropower projects, this is quite a generous sum. Except for that portion to be kept in reserve by the central government, all the money will also be allocated proportionately to Hubei and Sichuan Provinces in accordance with the principle of "assigning responsibility to different provinces, with counties as the basis, under unified central leadership." During the course of implementing this principle, we should also consider the factor of price increases. This is a major measure for resettling residents from the Three Gorges reservoir area that is endorsed and supported by the two provinces. Furthermore, a pattern of nationwide support for the resettlement of residents from the Three Gorges reservoir area has initially taken shape, with each province helping each county in the reservoir area. An additional 330 support projects have been launched in various provinces and municipalities this year. By 14 December when construction of the Three Gorges Project officially began, the task of requisitioning 24,506 mu of land in the dam area, and resettling 4,808 families and 14,550 people from that same area, had been basically completed.

Ministry Official on Labor Disputes, New Law

HK0301074695 Beijing CHINA DAILY in English 3 Jan 95 p 1

[By Cao Min: "New Law Protects Workers' Rights"]

[FBIS Transcribed Text] China's employers are coming to terms with harsh fact of the nation's new Labour Law—sacking a worker could cost them dear.

According to the country's new Labour Law which came into effect on Sunday [1 January], employers who sack workers will have to compensate them for their job loss.

The Ministry of Labour last month issued regulations guaranteeing workers' rights for compensation.

It is seen as one of the focuses of the Labour Law.

Compensation is fixed according to length of service, the regulation says.

One year's service merits compensation equal to one-month's salary.

But the ceiling is fixed at a year's salary.

Employees injured off duty or ill can also get medical aid of up to six months' wages.

Employers, who fail to give compensation will pay an extra 50 per cent in damages, the new law says.

And any employer in arrears with the wages, including overtime pays, will be forced to pay an extra 25 percent.

Experts predict more people will seek help from the compensation regulation, as the government now allows the deficit-ridden firms to lay off their redundant employees, during restructuring, according to another set of regulation issued by the ministry.

So far, the ministry has published 17 regulations which come into effect along with the Labour Law.

They govern the termination of employees' service by enterprises, minimum wages, training, collective contracts, mine safety and the management of migrant rural labour.

Six other laws covering social insurance, work safety and labour supervision, are being drafted on the basis of the Labour Law.

Last year, most labour disputes were triggered by discipline or sackings, as well as wages and social insurance, according to Fan Zhanjiang, an official with the Ministry of Labour.

The number of labour disputes reached about 20,000 compared with 12,000 in 1993, Fan said.

The rate of settlement of industrial disputes was about 80 percent, dropping from 90 percent in 1993, due to the rising labour disputes and the shortage of personnel in arbitration organizations, Fan said.

"The new Labour Law and relevant regulations have provided a vital instrument to protect the rights and interests of both employees and employers," said Fan.

The ministry has conducted tests to enforce the regulation of collective contracts in Guangdong and Fujian provinces and cities of Shenzhen, Xiamen, Qingdao and Dalian.

Employees in an enterprise can negotiate in a group with the employer according to the collective contract, which is binding on both sides, Fan said.

Paper Views Disputes, New Laws

HK0301074595 Beijing CHINA DAILY in English 2 Jan 95 p 4

[By Cai Hong: "Major Legislative Headway Made in 1994"]

[FBIS Transcribed Text] Four new laws took effect yesterday, the first day of 1995.

They are the Labour Law, the Urban Real Estate Management Law, the Auditing Bill and the State Compensation Law.

In 1994, a better legal framework took shape in China. The nation chalked up significant legislative accomplishments to fortify its legal foundation for ongoing economic reform.

Healthy development of the market economy, which is replacing the three-decade-long planned economy, depends on a sound legal structure and fair, strict law enforcement.

The central government and local authorities have mounted a campaign to strengthen the legal system by issuing new laws, approving law offices and popularizing knowledge of laws.

The National People's Congress (NPC), China's highest legislative body, passed a new bill for prisons at the just ended meeting of its Standing Committee in Beijing.

In 1994, economic issues continued to top NPC's agenda.

The congress passed 14 bills last year. Eight of them dealt with economic matters such as protection of investments from Taiwan, management of urban real estate, arbitration, auditing, advertisement and State compensation.

It was one of the efforts the Chinese Government took to make the nation's economic development compatible with international standards.

Compared with 1993, when China ratified a record 20 decrees and 13 regulations, 1994 did not hit that number.

However, several bills approved last year merit attention.

The precedent-setting Labour Law, for example, is an important piece of legislation designed to protect the interests and rights of workers and establish an orderly labour market.

For the first time, workers are protected when they want to change jobs. Lifelong employment was the traditional practice in China for some three decades.

The Labour Law outlaws work by children under 16, sets an eight-hour workday and promises a minimum wage, to be set by local authorities.

The Labour Law also is instrumental in solving disputes between employees and employers.

Since 1986, there have been more than 60,000 labour disputes, including 3,000 in the first quarter of last year. Most of them were solved through conciliation and arbitration.

Most of them occurred in foreign-invested and private firms, with 25 per cent involving violations of labour contracts; the rest concerned wages, working time, working conditions and safety.

The increase in disputes reflects the erosion of China's cradle-to-grave welfare system as workers are employed on a contract basis without housing, insurance and health benefits of most State firms.

China's reforms and opening policy have entered a healthier stage on the track of legal framework, said Chen Chunlong, a research fellow with the Law Department of the Chinese Academy of Social Sciences (CASS).

"The accomplishments in legislation symbolize the maturity of the nation, economically and politically," Chen said.

The Urban Real Estate Management Law, which was passed in July, has made life easier for developers.

Now, neither local governments nor developers go wild any more. The real estate sector is in better order.

The real estate law covers lease agreements and land use rights of local governments, registration requirements of real estate companies and real estate management.

The Law of Protection of Investments from Taiwan helps economic exchanges across the Taiwan Straits.

The bill stipulates that no Taiwanese investments on the mainland will be nationalized and there will be compensation if any are requisitioned under special circumstances.

The provisions contained in the law are generally the same as the preferential policies applied to investors from Hong Kong and Macao and other overseas Chinese.

"But the declaration of such a law could put Taiwan compatriots at ease when investing on the mainland," said senior economist Li Yining.

The NPC is ambitious to deliberate 152 draft bills in the five years for the current term (1992-96). New members are elected every five years.

The CASS researcher noted there is still a long way to go to turn NPC's blueprint into reality. Serious law enforcement, he added, is the crux of the matter.

However, Chinese legislators have reached a consensus that breaking up the traditional administrative system and readjusting interests depends on standard laws in the nation.

The researcher said laws should accelerate development of the nation's reforms and opening up or getting over the barriers to endeavor to establish a socialist market economy.

Social stability gets top priority when the nation's lawmakers draft new rules or top policy makers construe new adjustments.

NPC Chairman Qiao Shi said the importance of social welfare and education will be recognized this year.

A draft education bill has been presented to the NPC Standing Committee for deliberation.

State Council Appoints Manager for Steel Company

OW0301092395 Beijing XINHUA in English 0859 GMT 3 Jan 95

[FBIS Transcribed Text] Shenyang, January 3 (XINHUA)—Liu Jie has been appointed General Manager of the Anshan Iron and Steel Company, the leading steel producer of China.

Mr. Liu, who was first deputy General Manager and Chief Engineer of the Wuhan Iron and Steel Company before the transfer, will also serve as the Chairman of the Board and a deputy Communist Party secretary of the steel conglomerate based in Anshan, in northeast China.

The decision of Liu Jie replacing Li Huazhong, was made by the State Council and the Ministry of Metallurgical Industry and announced on the eve of the New Year.

Liu graduated from the Wuhan Iron and Steel College in 1964, then continued with three years of post-graduate study in Beijing Iron and Steel College. He began to work in the Wuhan company in 1968.

Year-End on State Assets Management

HK0101075495 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 29 Dec 94 p 2

["Year-end special article" by staff reporter Xu Zhengzhong (6079 2973 0022): "State Assets Management Has Been Put on the Right Track"]

[FBIS Translated Text] State assets are the "property" of the state. Whether or not we can put them under good management and ensure that their value is preserved and increased not only concerns the long-term stability of society as a whole but also has a direct bearing on the success or failure of reform and opening up. Especially given the coexistence of numerous economic forms and the accelerated integration process of domestic and overseas markets, the management of state assets appears particularly important.

The year 1994 has been of crucial importance to comprehensively putting state assets management work onto the right track. In line with the principle of the party

Central Committee and the State Council, under which state assets are uniformly owned by the state, supervised and managed by governments at different levels, and independently operated by enterprises, the National Administration of State Property [NASP] has actively explored new forms and methods of managing state assets and attained notable results.

Now we have initially made clear the size of our state assets and basically know their total amount and distribution. Up to the end of 1993, the total amount of China's state assets was 3,495 billion yuan. Of this, the operating state assets amounted to 2,602.5 billion yuan, accounting for 74.5 percent; the non-operating state assets amounted to 892.4 billion yuan, accounting for 25.5 percent. Meanwhile, the work of reappraising the stocks and assets of enterprises has also been launched on a large scale. The experiment started on a small scale in 1992, was expanded to 9,401 enterprises in 1993, and was tried on 150,000 enterprises this year.

Doing a good job in appraising fixed assets and circulating funds is a prerequisite for tightening control over state assets. To date, the state has approved 1,620 assets-appraisal organs across the country, with 26,784 people directly engaged in the work of appraising assets. By the end of 1993, the state assets management departments at all levels had approved 44,230 appraisal files with an assessment value of 751.3 billion yuan. With an average appreciation rate of 50.1 percent, state assets rights and interests worth several hundred billion yuan have been saved. Meanwhile, the work of registering state property rights has also started entering the right track. Since its start on a nationwide scale in 1992, 251,553 enterprises have registered their property rights worth 1.697 billion yuan. On this basis, the departments concerned have also carried out annual inspection and registration work across the country. To date, a total of 257,901 enterprises have been registered.

Enlivening state enterprises is crucial for boosting the preservation and increase of state assets' value. To this end, closely centering on the reform to establish a modern enterprise system, the state assets management departments have energetically engaged in the experiments to transform state enterprises into joint-stock companies and authorize enterprise groups to operate state assets. In conjunction with the departments concerned, NASP has examined and approved the plans for nine enterprises, including the Shanghai Petrochemical Company Limited, to be listed in Hong Kong and reorganized into joint-stock companies. It has also selected eight enterprise groups, including the First Automobiles Plant, the Heavy-Duty Automobiles Plant, and the Dongfeng Automobiles Plant, to experiment on the operation of state assets with authorization. It has actively explored ways to straighten out relations between enterprise ownership and management, reorganize assets and achieve their optimum distribution.

The rules and regulations for state assets management have also been perfected. So far, the State Council has

promulgated the "Procedures for Appraising and Managing State Assets" and the "Regulations for Supervising and Managing State Enterprise Assets." Together with the departments concerned, NASP has promulgated 39 relevant departmental regulations. In keeping with the state's unified policy and the actual conditions in their own localities, local authorities have also introduced a number of local regulations for the management of state assets. Now NASP is taking an active part in drafting a "State Assets Law."

With state assets management organs being gradually set up at various levels, a nationwide state assets management and supervision system has taken shape. To date, state assets management organs, with a total of 14,000 staff members, have been set up in all 36 provinces, autonomous regions, municipalities, and cities especially designated in the state plan. According to an expert concerned, three report systems will be instituted in China's state assets management next year, i.e. the systems of reporting state assets statistics, reporting registration of and changes in state property rights, and reporting analysis on state assets business efficiency, in order to comprehensively reflect the operational scale, quality, and efficiency of state assets.

Report Says Economic Reform 'Increasingly Difficult'

HK0201065295 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 2 Jan 95 p 3

[By Christine Chan]

[FBIS Transcribed Text] Reform of China's economy grows increasingly difficult every year according to a report drawn up by the Economist Intelligence Unit (EIU) following a conference with the Chinese Government in October.

The British-based EIU recently downgraded China's overall risk rating from a B to C, citing continued high inflation and a deteriorated political and policy environment.

In its report, the EIU says: "Reform is especially difficult when the ultimate goal is still not completely clear, when no one can ... say clearly: 'We are on the road to capitalism—capitalism with state guidance and participation but capitalism nevertheless.'"

The EIU said that various parts of the central government bureaucracy were working to adapt, survive and flourish as the country moved from a planned to a market economy.

The report also said the State Planning Commission (SPC) was carving out new tasks for itself in a climate of great and rapid change. Other parts of the bureaucracy appeared to have overlapping responsibilities and were in the process of defining their relationships to each other.

One conference participant reportedly asked for a definition of the responsibilities of the State Economic and Trade Commission (SETC) in relation to the State Commission for the Reform of the Economic Structure (SCRES) and the Ministry of Foreign Trade and Economic Co-operation (MOFTEC). SETC vice-chairman Xu Penghang replied: "SETC is a 'comprehensive' economic department. MOFTEC is a 'comprehensive' trade organisation. Their relationship is like that between relatives.

"SCRES is responsible for restructuring the economic system. The reform of state enterprises is its responsibility. Its mandate is limited to this but SCRES is the overall co-ordinating body.

"The SPC is charged with a lot of responsibilities. Its function is to formulate medium to long term economic plans. SETC is confined to (an) economic operational role."

The EIU concluded: "Five years from now, one or more of the organisations ... will probably not be on the scene."

It said there had been differing interpretations of reforms and differences rooted in concern about the speed of change and about which bureaucratic organs' interests were being enhanced and which were being damaged. "China's economy today is in transition, with aspects of the market economy and of the traditional, state-controlled economy existing side by side."

It says that the duality of a market economy versus planned, private ownership is in place. But it adds that while the market economy is taking hold in major cities along the coast it is virtually non-existent in the interior. The report also says that reform of state-owned enterprises and the need to devise a viable social welfare system are urgent and unquestionably needed to improve the situation.

Article on Macroregulation of Market Economy

HK0201151295 Beijing RENMIN RIBAO in Chinese
11 Dec 94 p 5

[By Wu Shuzhi (2976 2885 1615): "Change Government Functions and Develop a Market Economy Under Macroeconomic Regulation and Control"]

[FBIS Translated Text] China's economic structure is gradually changing from a traditional planned economic structure to a socialist market economic structure. Correspondingly, it is necessary to change the government function of managing the economy and establish a perfect system of macroeconomic regulation and control that mainly uses direct means so as to ensure the smooth development of the socialist market economy. Here, let me give three views on this issue.

The development of a socialist market economy needs regulation and control, not a lack of control. The socialist

market economy is not a laissez-faire economy. As the economic structure is changing, it is particularly important to strengthen the State's macroeconomic regulation and control. In order to strengthen and perfect macroeconomic regulation and control, the government should, in keeping with the principles of a market economy, manage the economy with economic policies, economic laws and regulations, and necessary administrative means, and should not control the market with planning, examination, and approval.

The socialist market economy is not a laissez-faire economy, but a market economy under the macroeconomic regulation and control of the state. Strengthening the government's macroeconomic regulation and control is particularly important, especially at a time when the economic structure is changing, the market is not fully mature, and the rules of competition are not standardized. It inevitably requires the establishment of an effective system of macroeconomic regulation and control in order to establish a unified, open, and orderly market where there is fair competition. In a certain sense, the key to deepening reform, changing government functions, and establishing a socialist market economic structure is whether or not we can achieve effective macroeconomic regulation and control.

Macroeconomic regulation and control is a means adopted by many countries around the world, including developed countries. When we say we are going to establish a socialist market economy with Chinese characteristics, these Chinese characteristics are not found in macroeconomic regulation and control but are embodied in our adherence to socialist principles while bringing the role of the market into play. In other words, we take public ownership as the mainstay and allow the development of various other economic sectors while developing productive forces in keeping with the laws of market economy, improving the people's living standards, and achieving the goal of common prosperity.

Strengthening and perfecting the government's macroeconomic regulation and control never means replacing the market economy with a modified planned economy or controlling the market economy by means of planning, examination, and approval. It means that the government's function of macroeconomic regulation and control is exercised under the conditions of a market economy and that we do things we cannot do solely by relying on market mechanisms, correct the irregular behavior and abnormalities in the operation of the market economy, and intervene in and regulate the irrational tendencies arising from the allocation of resources in the market so that the entire national economy can really operate and develop according to market economy laws which are unified, open, and orderly.

The market economy does not exclude planning. Planning and the market are both means with which to develop the economy. Both have their own strengths and

weaknesses and can supplement each other. Strengthening the government's function of macroeconomic regulation and control means correctly using the means of planning to meet the needs of the development of a market economy; accomplishing its overall, strategic, and policy functions; making up for the weaknesses of the market mechanism such as its spontaneity, blindness, and lagging nature; preventing excessively widening income gaps and polarization between regions; and ensuring that the national economy develops in a still better and quicker way.

Strengthening the function of macroscopic regulation and control of economic activities mainly consists of organizing and planning for national economic and social development, administering it according to law, coordinating it, guiding information for it, offering services for it, and properly manipulating policies for it; that is to say, we will use economic policies, economic laws and regulations, and economic levers to carry out macroeconomic management rather than specifically examining and approving every microeconomic activity or monopolizing operations. In other words, the government has to both exercise free management of the economy and keep it from going out of control so that the industrial structure will tend to be rational and so that total supply and total demand will remain balanced, thus attaining the optimum allocation of resources.

The key to achieving macroeconomic regulation and control is to safeguard the authority of the central authorities and strengthen their means of macroeconomic regulation and control. Only when central macroeconomic regulation and control are quickly effective and when the country's economic environment and order are beneficial to the healthy development of the entire economy can the economies of the localities enter a benign cycle.

In order to adjust to the development of a market economy, the functions of the government must be changed, but its fundamental aim of serving the people must remain unchanged. Under the conditions of a market economy, only when government institutions remain clean and hardworking can they ensure the offering of good "services." To serve enterprises, the main body of the market economy, they must be of help to the change of enterprises' management mechanisms.

Our people's governments, regardless of level, should make it their aim to serve the people. The fundamental duty of governments at all levels is to care for the immediate interests of the masses. Given that the fundamental aim is unchanged, the conditions, forms, and methods of service can change. But they should change in such a way as to better serve the people and not in an increasingly bad way by cutting the government off from the masses and by doing things in an increasingly bad way. The government's organizational reform should also proceed in such a way that the government will become increasingly honest and increasingly hardworking, and not the other way around. Under the conditions

of a market economy in particular, government personnel must pay still more attention to honesty, to their duty, and to fairness in administration. The goal of developing a market economy is, in the final analysis, to expand economic returns, improve the people's livelihood, and meet the increasingly growing needs of the people. Service is meant for development and development for promoting service. Developing a socialist market economy demands not only that the government's function of service be greatly expanded, but also advocating all the more the principle that "everyone works for my wellbeing and I work for the wellbeing of everyone."

When serving the people, government departments should have the spirit of selfless sacrifice, proceed in everything from the interests of the people, always think what the people think and be worried about what the people are worried about at all times and in everything, and do things for the wellbeing of the people. However, under the conditions of a market economy, it is not absolutely ruled out that reasonable and legitimate compensation be made for the service rendered to the people. But the so-called compensated service rendered by government institutions, such as charging a certain amount of administrative and management fees, is not the same as tertiary industry service and cannot be taken as a means of making money, and still less can government institutions charge fees under all sorts of pretexts in exchange for their services or refrain from work if they are not paid. If they change their function of service into the "function of charging fees," they will inevitably become corrupt. Only when they remain honest and hardworking can they render good service. Comrade Deng Xiaoping made a famous remark: "Leadership is service." Government departments which assume leadership should take good or bad service rendered as an important criterion for the appraisal of the performance of their work personnel.

At a time when we are developing a socialist market economy, it is particularly important for government departments to serve enterprises, the mainstay of the market economy. Government departments must never change their power into resistance in such a way as to hinder the changing of the management mechanisms of enterprises or create man-made difficulties for enterprises in heading toward a market economy. Service is not taking care of the matters of enterprises and still less is it giving them indiscriminate commands, thus interfering with their management and operation. Rather, government departments should bring into play their strong points, sincerely, wholeheartedly, and enthusiastically work more for the wellbeing of enterprises, resolve their worries and difficulties, and do things which enterprises fail to do during their transition to the market. The most important condition for establishing a modern enterprise system is to separate the functions of the government from those of the enterprise. The state-owned industrial enterprises of Deyang city in Sichuan are developing healthily in the great tide of developing

the market economy. None of them suffer losses. When one sums up the experience of their government management of enterprises, one finds that there is little intervention and more service and that the government authorities visit the grass roots, do things for their wellbeing, and, through rendering practical service, create a relaxed environment for enterprises where there is fair competition. Of course, the market is not omnipotent and service does not exclude intervention. In the course of the development of the market economy, especially in the preliminary period when its development is imperfect, necessary government intervention is indispensable. Examination and approval is also a type of service. The point is whether the means of intervention, policies, and measures, including necessary examination and approval, conform to the laws of developing a market economy. Intervention is never the same as monopolizing operations, and still less is intervention the same as charging fees everywhere.

In developing a socialist market economy, the government's function of supervision can only be strengthened and must not be weakened. The government supervision of the economy is an important component of macroeconomic regulation and control. It comprises the supervision of the administrative power and the supervision of all fields of economic activity.

In developing a socialist market economy, it is necessary to both bring into play the fundamental role of the market in the allocation of resources and strengthen the state's macroeconomic regulation and control. In general, the government should form an effective mechanism whereby it takes good care of enterprises without controlling them too rigidly.

All market economy countries around the world that pursue a nonintervention policy pay special attention to establishing and perfecting systems of managing and supervising economic activities. The government's economic supervision should be an important component of establishing and perfecting the market economic system.

In changing government functions and developing a market economy, the government's function of supervising the economy must not be weakened. Rather, it must be strengthened. Only in this way can the multidirectionally open market economy proceed in an orderly manner and develop in a coordinated way. Economic supervision is a fundamental and routine task the government should and must do well first of all. The government's economic supervision should include at least two aspects. First, it has to supervise the administrative power, which includes the power of examination and approval. If the government loses the power of supervision, corruption often will easily ensue. The government should exercise the power of supervision so as to avoid and eliminate a power-dominated economy which runs counter to the development of a socialist market economy. For this reason, openness and mutual supervision among government civil servants when performing their duties is very necessary and accordingly a

system should be established. Second, it has to supervise all sectors of the economy and society in order to prevent and deal blows to illegal economic activities and criminal economic behavior. Supervision, of course, is not shackles that limit economic activity and still less is it the rigid control of the economy. It is to guarantee and safeguard the normal operation of the market economy in a standardized manner, guarantee and safeguard fair competition and the survival of the fittest under the market economy, and guarantee and safeguard the healthy development of the entire economy and the superiority of the socialist system.

The government's regulation, control, and supervision of market prices under market economy conditions is a necessary part of establishing and perfecting a socialist market economic system. Prices have a bearing on tens of thousands of households and are directly bound up with the immediate interests of the broad masses. If prices get out of control, the market will be in confusion. This will ultimately affect social stability. Therefore, when we develop a market economy and act according to economic laws, we must free prices, but freeing prices does not mean that we will not keep them under control, and allowing them to fluctuate according to the market situation does not mean that we will allow them to rise haphazardly. In daily economic life, market prices must not be controlled too rigidly and must not be allowed to fluctuate too freely either. In order to maintain market order and guarantee the people's livelihood, any country with an advanced market economy requires the social supervision and public supervision of its market prices as well as powerful administrative supervision by government administrative departments. This is also indispensable for developing China's socialist market economy.

New Law To Regulate Advertising Industry

HK0201042495 Beijing ZHONGGUO XINWEN SHE
in English 0448 GMT 31 Dec 94

[China to implement law on advertising]

[FBIS Transcribed Text] Beijing, December 31 (CNS)—The Law of the People's Republic of China on Advertising will come into effect starting from February 1 of 1995, marking that the advertising industry in China will develop in a more regulated way.

By the end of 1993, there had been more than 30,000 advertising agencies and 310,000 practitioners in this field in China with the annual turnover as high as RMB [renminbi] 13.4 billion. They are able to basically spread comprehensive information and offer marketing service. More and more creative advertisements are produced and subject to final statistics, the total sales turnover in 1994 can be expected to be over RMB 18 billion.

But as pointed out by the industrial and commercial administrations, the advertising in China has not yet fully developed and there are some problems needed to

be solved. They are first, quality of the advertisements are not, in view of the whole level, satisfactory. Some advertisers only seek profits and neglect their social and moral responsibility. Some advertisers use deceptive means to mislead the consumers; some fail to practise fair competition by deliberately blackening their rivals; and some advertisements breach the social conventions and have damaged the social ethics. Second, advertising has not been operated in a regulated way and legal responsibilities of the clients, advertising agencies and the press which bear advertisements have not been defined, the corresponding legislation and regulation mechanism have not been set up.

It is the right time to enact and promulgate the Law on Advertising under the current situation.

The main content of the Law on Advertising provides:

- a clear definition of the social responsibilities of the advertisers and advertising agencies.
- a clear message to advertisers that advertisements must shoulder legal and social responsibility.
- the principle of protecting the lawful rights of the consumers.
- clear provision for the access to advertising market and running of advertising firms.
- intensifying punishment on violation of the law in advertising sector.
- along with other related legislation, rules and regulations in force, a complete legal framework on the advertising industry has taken shape.

Planners Set Targets in Coal, Power

HK0201042895 Beijing ZHONGGUO XINWEN SHE in English 0447 GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 31 (CNS)—The Economic Research Centre of the State Planning Commission has put forward proposals for objectives and investment targets for the development of the coal and power industries in China.

The main content of the proposal which is entitled the "Investment Strategies of Coal and Power Industries in China" includes:

The coal production capacity of China will reach 1.5 to 1.6 billion tonnes and the power generation 1,350 to 1,500 billion kilowatts in the year of 2000.

The delivery of coal is very much dependable on the shipping capacity of the coal bases and the transportation capability in later stages in terms of time, capability and methods of delivery, and best possible transport arrangement.

The strategy of "with coal production as basis and power generation as center" will be served as guidelines for future development. As far as coal production is

concerned, eastern regions should be stabilized, western parts enhance their production while coastal regions may selectively import coal. As for power generation, more priority shall be given to the pit construction in the western regions, building of coal fired power plants in ports along the eastern coast, further developing the hydro-power generating capacity. If it is cost-effective, it is desirable to develop nuclear power as well as to import fuel for development of diesel machinery.

In 2001, China is expected to have formed a unified power transmission network serving the whole nation. The following routes of core power transmission shall be strengthened to cater for the needs in the next 10 years, namely from the eastern part of Inner Mongolia to the provinces in Northeast, the eastern part of Shanxi to the regions in East China and Central China; from Guizhou, Guangxi to Guangdong; the hydropower generation bases in the regions in the Northwest, the middle and upper regions of the Yellow River to the power transmission network in the North China.

The energy produced areas, entities concerned with transport of coal must open themselves in an all round way and, by means of enhancing investment efficiency and improving investment environment, formulate sound investment mechanism.

Finance & Banking

Central Bank To Raise Loan Interest Rates 1 Jan

OW3112153994 Beijing XINHUA in English 1503 GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 31 (XINHUA)—The People's Bank of China (PBC), the country's central bank, announced here today that it will raise the interest rates of loans to financial institutions starting January 1, 1995.

With the approval of the State Council, the annual interest rates of such loans will rise by 0.24 percentage points in average, according to a PBC circular.

The rates for one-year- and six-month-term re-loans will climb to 10.89 percent and 10.71 percent respectively from the current level of 10.62 and 10.44 percent, respectively. The rates for three- month- and 20-day-term re-loans will be readjusted to 10.44 and 10.26 percent, respectively, compared with 10.26 and 10.08 percent now.

The circular said that the existing interest rates for personal and enterprise deposits will remain unchanged, so will the interest rates of loans for circulating capital.

The annual interest rate of loans for investment in fixed assets will rise by an average of 0.72 percentage points, the circular said.

It went on to say that the interest rate of loans for technical renovations will be raised from 10.98 percent to 11.7 percent.

The interest rates of loans for capital construction projects will rise from: 12.24 to 12.96 percent for loans up to three years; 13.86 to 14.58 percent for loans of three to five years; and 14.04 to 14.76 percent for loans beyond five years.

The circular noted that the revised rates only apply to new loans but have no retrospective effect on loans provided before January 1, 1995.

Financial observers here said that the interest rate hike, believed to be a strong signal echoing the theme of a recent national economic working meeting, will prove instrumental to curbing inflation and controlling excess investment in fixed assets.

Nine Cities Reportedly Open to Foreign Banks

HK3112074394 Beijing ZHONGGUO XINWEN SHE
in English 0216 GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 30 (CNS)—The State Council of China has approved foreign banks and financial institutions to set up branch offices in nine continental cities including Beijing, Hangzhou, Wuhan, Chengdu, Xian, Hefei, Shenyang, Shijiazhuang and Chongqing. This clearly shows the Chinese government's intent to further open up the finance market to foreign businessmen and bankers.

Prior to this approval, the relevant government department responsible for financial affairs made very thorough researches on the further opening up of finance market and related policies and also conducted numerous calculations and analysis on the external economic indicators. After the research programmes and calculations were completed, a full report with recommendations was submitted to the State Council by the People's Bank of China.

Up to November 1994, there were 116 foreign financial institutions, which comprises 107 foreign banks, five financial companies and four insurance companies, in operation in thirteen cities in China. Amongst the 107 foreign banks, there were 97 foreign bank branch offices, five banks of solely foreign capital and five banks which were operated on a joint venture basis.

There are also 379 representative offices of foreign financial institutions established in 18 cities and they are planning to invite investors from Taiwan too. Approval has been given to a Taiwan bank of solely Taiwanese capital to set up a branch office in Ningbo.

Central Bank Uses Reserves To Fight Inflation

HK3112060094 Hong Kong HONGKONG STANDARD
in English 31 Dec 94 p 1

[By Sherman Chen: "Bank Blitz on China inflation"]

[FBIS Transcribed Excerpt] China's central bank is unleashing its massive hard currency reserves to rein in

the country's runaway inflation which officials have attributed to market-oriented reforms.

The People's Bank of China will use its funds to intervene in the swap markets and increase imports in a bid to curb an inflation rate of 24.2 per cent, the highest since the 1949 communist takeover, says a central bank official.

He said the central bank had been cutting down its foreign currency purchases on the open market to stabilise the renminbi amid hyperinflation.

China's economic growth and the high inflation rate have helped push the yuan's value against major currencies.

Yesterday, the US dollar was trading at 8.449 yuan on the Shanghai-based China Foreign Exchange Centre compared with 8.52 yuan on 31 October.

"The appreciation will keep going next year," said the central bank official.

The high renminbi has enabled the Chinese central bank to build up its reserves. However, officials are worried that the bank may have accumulated too many dollars. By mid-December, China's foreign exchange reserves exceeded US\$50 billion (HK\$390 billion [Hong Kong dollars]), an increase of US\$30 billion compared with early this year—advancing China's rank to sixth from 13th in the world.

Dai Xianglong, vice-governor of the People's Bank of China, recently blamed the too-rapid growth of foreign exchange reserves as one of the elements that fuelled this year's inflation. Officials are now calling on the central bank to cut its foreign reserves. [passage omitted]

Article Views Money Supply, Inflation, Banking Reform

HK0301083195 Beijing ZHONGGUO XINWEN SHE
in Chinese 0914 GMT 18 Nov 94

[Article by Yan Xiaohong (7051 2556 5725)]

[FBIS Translated Text] Beijing, 18 Nov (ZHONGGUO XINWEN SHE)—The year 1994 will wind up in little more than a month. How is the general situation of China's financial operations this year? Is it relaxed or tightened? This is a key question people are rather concerned with at the moment. Authoritative persons in the financial sector point out that macroeconomic regulation and control over finance this year has been basically normal, exercised appropriate flexibility, and avoided any major mistakes.

Experts say that looking at the operational situation of finance this year, they found that the supply of funds was quite stable and the forecasted policy target was basically reached. All financial indicators have risen smoothly at a wider rate, which is illustrated by the following characteristics:

The amount of money allowed into circulation is comparatively normal. The above-mentioned amount during the preceding nine months fell by 19 billion yuan compared with the same period last year.

The remaining capital construction and technological transformation investment loans increased by 36.6 percent compared with the same period last year.

The amount of money in circulation increased by 26 percent compared to the same period last year, and wages paid out by banks in the third quarter increased by 48.3 percent compared to the same period last year.

Savings deposits in urban and rural areas kept rising at high speed, with the rate of increase exceeding 40 percent. The banks' payment capability has been strengthened, loans have been increased, and the input-orientation and structure of loans was basically reasonable.

Unification of the dual-exchange rates has been carried out smoothly, exchange rates are basically stable, the operation of the foreign exchange market is normal, trading is brisk, and the structure of a single, managed floating exchange rate system based on market supply and demand has been initially formed.

There has been a fairly large increase in foreign exchange reserves, which rose by approximately 50 percent compared with the beginning of this year. Revenue rose quickly; cumulative total domestic revenue in the first three quarters of this year rose by 18.5 percent, and revenue and expenditure has been kept basically in balance.

Besides, with government bonds taking the lead, financial exchanges set up a pluralistic pattern, including bonds, stocks, funds, and other trading instruments, of which the stock market has developed especially vigorously.

According to an analysis by some experts, since July last year, a series of new measures successively adopted by the central bank to strengthen macroeconomic regulation and control policies and which were aimed at the comparatively confused financial order and at implementing safer and more reliable currency policies overall, have started mitigating the contradictions brought about by the excessively rapid increase in the scale of fixed assets investment and have brought about appropriate economic growth, keeping it on a comparatively high level while reducing it smoothly and steadily.

Despite all this, some specialists think that some things are still to be desired.

Some people think that the supply of broad money has increased quite a lot: M2 (cash plus savings deposits) increased by 37 percent compared with the same period last year. This fact indicates that purchasing power in society is strengthening, which should be taken seriously in terms of controlling inflation.

Moreover, the retail prices of commodities rose by 20 percent nationally in the first three quarters of this year compared with the same period last year. Experts point out that if the accelerating tendency of rising fixed assets investment and money supply targets and the like shown in the said three quarters continued to develop, it would be very difficult to control rising commodity price indices. Therefore, the rise in commodity prices should not be overlooked, and the scale of investment and credit still requires proper control.

Experts hold that, at present, lending is appearing in new forms from non-bank financial institutions. Therefore, the task of rectifying and regulating the financial order is still a heavy one. Furthermore, the problem of negative interest rates still exists.

The year 1995 will be a very crucial year in terms of financial reform. It is known that some of the more important measures to be taken are as follows:

Speeding up legislation and reform of the central bank, strengthening the powers of the central bank to carry out macroeconomic regulation and control, and turning the People's Bank into a central bank in the true sense.

Implementing the separation of macro-policy financial business from the commercial banks, pushing forward and speeding up the state-owned specialized banks change to commercial banks, and setting up a unified operational mechanism for modern commercial banks.

Organizing and establishing urban and rural cooperative banks and developing regional commercial banks.

In the meantime, large-scale enterprises still need to open up to the outside world, reform of the existing insurance system needs to be quickened, and a unified, national, modern payments system needs to be established.

Reform of Financial, Banking Sector Said Advancing

HK0201042395 Beijing ZHONGGUO XINWEN SHE in English 0628 GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 31 (CNS)—The financial reform which started on full scale in China last year proceeded at a steady pace and helped set up a banking system which had the central bank as its core and state-owned commercial banks as its main body while at the same time seeing parallel development with non-government cooperative banks in urban area. A financial system is in an initial shape covering the banking system, the securities market, the foreign exchange market, the futures market and the short term capital market. Success is achieved in five main sectors.

First, a success of the financial restructuring undertaken this year, according to authoritative sources, is the recovery by the head office of People's Bank of China of authority for control over currency in circulation as well

as for adjustment of loan scale. Meanwhile links between state financial deficits and the currency possessed by the central bank were severed. It means that financial departments suffering from deficits will no longer be entitled to overdraft from the central bank in the future and instead they can make up deficits by means of issuance of national bonds.

Second, the financial reform has successfully separated policy oriented banks from professional banks. The China State Development Bank, the China Import and Export Bank and the China Agricultural Development Bank, all of which are policy oriented banks, are newly set up and have gone into operation. The original four professional banks namely the Industrial and Commercial Bank of China, People's Construction Bank of China, the Agricultural Bank of China and the Bank of Communications have already turned into commercial banks. Such move enables a better allocation of the limited amount of capital according to the market law.

Third, on the foreign exchange system, unification of the exchange rate of the renminbi together with practices of settlement and sale of foreign exchange between banks are realized. The foreign exchange swap market maintains its function to serve foreign-funded enterprises.

Fourth, openness of the financial sector is sped up. Foreign-funded banks are allowed to set up offices or branches in some cities and then foreign investment is gradually permitted to be involved in such circles as securities, trust and investment fund, all of which have drawn attention of financial sectors around the world. There are to date 330 foreign-funded financial institutions from 20 countries and regions having representative offices set up in some 20 cities across China. About 100 foreign-funded banks out of them established branches in 13 cities in China.

Fifth, non-banking financial institutions including trust and investment companies, finance companies and securities companies have already been corrected and placed under standardized administration. The principle of classified management of various business sectors is employed to separate such circles as banking, securities, insurance and trust from each other for better management.

Foreign Trade & Investment

'Press Release' Views McDonald's Wangfujing Store

HK0201042295 Hong Kong WEN WEI PO in Chinese
30 Dec 94 p A2

[Dispatch by Yang Fan (2799 1581): "Beijing Municipal Government Predicts McDonald's Will Be More Profitable After Wangfujing Renovation"]

[FBIS Translated Text] Beijing, 29 Dec (WEN WEI PO)—A relevant department of Beijing Municipality

said today that the renovation of the Wangfujing area is being carried out according to the state-approved "Beijing Municipality General Plan." After renovation, the Wangfujing area will be more prosperous and will become a modern commercial center of international standard.

According to the renovation plan, McDonald's at Wangfujing will receive proper arrangements regarding its location, design standard, and construction scale, and the issue of a premature termination of contract does not exist. Undoubtedly, after renovation, McDonald's at Wangfujing will be more attractive and will have higher economic returns. McDonald's business in Beijing will certainly see greater and better development.

The above-mentioned view was revealed today in Beijing by a press release distributed at the "ceremony to grant approval certificate to the 10,000th foreign-funded enterprise in Beijing plus a briefing on the investment situation."

Li Guixian on Strengthened Auditing of Joint Ventures

OW3012171194 Beijing XINHUA in English 1613
GMT 30 Dec 94

[FBIS Transcribed Text] Beijing, December 30 (XINHUA)—China will start auditing 40 foreign-funded enterprises in pilot tests next year, a senior official said here today.

Speaking at the closing ceremony for the National Audit Conference, State Councillor Li Guixian ordered auditing departments at all levels to tighten up in auditing Sino-foreign co-operative and joint-venture businesses in which the state holds shares.

Efforts will be focused on maintaining and increasing state property, and solving problems arising from conflicts of interests where foreign partners capitalize on introducing equipment or exporting goods, said Guo Zhenqian, auditor-general of the Auditing Administration.

New Regulations on Foreign Investment in Real Estate

HK3112075794 Beijing ZHONGGUO XINWEN SHE
in English 0401 GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 31 (CNS)—New regulations for foreign investment in China's property market will soon be put in effect, and all local authorities concerned will be prohibited from formulating preferential policies without authorization.

The main content of regulations worked out by the Ministry of Construction and the Ministry of Foreign Trade and Economic Co-operation include: to encourage foreign investors to transform land for industrial use, to

upgrade old housing properties, and to develop residential housing. When foreign investors invest in the property market, they should at the same time put forward project plans. They may set up cooperatively-run real estate development firms, joint ventures, or solely foreign-invested firms of such nature. Once the construction for a particular project has been completed, the company will end its business immediately.

The regulations also state that the administration over foreign investment needs strengthening. In joint ventures, foreign capital should not be less than 20 percent. Foreign investors should not use Chinese bank's loans as capital stock. The Chinese party should not act as the guarantee for the foreign party. This is to make sure of the inflow of foreign capital. At the same time, no local authorities is allowed to formulate other preferential policies without authorization.

Beijing Said Reviewing Foreign Investment Policy

HK0301063295 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0910 GMT 15 Nov 94

[“Special article” by Si Liang (1835 5328): “China Will Attract Most Foreign Investment”]

[FBIS Translated Text] Hong Kong, 15 Nov (ZHONGGUO TONGXUN SHE)—Since mainland China began to carry out the policy of reform and opening to the outside world at the end of the 1980's [as received], its successful and rapidly developing utilization of foreign funds from all over the world has been remarkable. An IMF report stated that for the last two years China has been “the country which has absorbed the most foreign investment”; while the World Bank reported that China had become “the largest recipient of capital inflows worldwide.” According to an estimate by overseas scholars and experts, China will replace the U.S. to become “the largest target country for foreign investment” by the year 2000.

The absorption of foreign funds is one of the major open-door policies China's authorities have followed. The four principal channels by which China draws in foreign funds are: First, directly drawing foreign investment into the mainland; second, loans from international banking institutions such as the World Bank; third, selected state-owned enterprises entering overseas financial markets in the form of H shares [stocks listed on the Hong Kong Stock Exchange] or B shares [stocks listed on the Shenzhen or Shanghai stock markets theoretically available only to foreign investors]; and fourth, issuing various kinds of bonds through foreign financial and banking establishments. Over the past 15 years, China has succeeded in attracting abundant foreign capital, and, as a result, foreign-invested, foreign-owned, and foreign-cooperation enterprises based in China have been springing up like mushrooms. Today, China boasts nearly 220,000 foreign-related enterprises, with contracted foreign investment of \$267.1 billion and \$76.6 billion of foreign capital actually absorbed.

Between 1979 and 1984, China's annual absorption of foreign investment was less than \$3.5 billion, but the figure jumped to \$27 billion in 1993, almost triple that of 1979. This indicates that direct foreign investment in China in 1993 was only slightly less than in the United States, ranking second in the world and accounting for one-third of the total amount of foreign direct investment in the developing countries. This year, thanks to the fact that more prestigious transnational corporations have shifted to China with a host of high-tech, state-of-the-art, large-scale infrastructure and capital-intensive projects, both the quality and arrival rate of foreign investment have advanced noticeably. By the end of September this year, China had approved 34,000 new enterprises involving foreign investment, contracted funds amounted to \$57.1 billion, \$22.7 billion was actually invested, five times the figure for the same period last year. The State Information Center under the State Planning Commission has estimated that the amount of foreign capital actually absorbed is likely to reach \$33.5 billion this year and \$38.5 billion in 1995.

According to official Chinese sources, during these years, foreign investors have gradually turned formerly small-scale, short-term, and trial investments into large-scale, long-term, and operational investments. Investment by transnational corporations, in particular, conforms to China's policy of industrial restructuring to such an extent that structural changes in her absorption of foreign investment will be made easier. A new upsurge in the influx of foreign capital to China is taking shape.

China's opportunity to attract a high level of investment by transnationals is becoming increasingly ripe. Moreover, internationally renowned transnationals have also directed their focus to China's investment market. At present, hundreds of transnationals have “landed” in mainland China and are actively seeking investment opportunities. Meanwhile, international financial markets have focused their interests on economic developments in China. So far, there are over 100 China-based foreign-invested financial institutions, and about 370 bankers' representative offices. In 1993 alone, more than 5,000 people in over 1,300 groups from central and commercial banks overseas, as well as other transnational banking organizations, visited China with the intention of entering into cooperative programs with their Chinese counterparts. It seems that “China fever” will continue to prevail in the global money markets.

Currently, the annual volume of international capital flows is around \$200 billion, 70-80 percent of which moves between the developed countries while the rest flows between the developed and the developing countries, mainly within the Asia-Pacific area. New changes in the direction of international capital flows, possibly accompanied by the trend toward regional blocs in global economic relations, and China's return to GATT will present China with new challenges and new opportunities alike, and she will find it impossible not to adjust her policies on foreign investment. On several occasions

recently, top Chinese officials have delivered public speeches regarding the orientation of investment. There are signs that China is conducting a comprehensive review and adjustment of her current policies on foreign investment. According to officials at the Ministry of Foreign Trade and Economic Cooperation, a national working conference on foreign investment will have been convened by the end of this year to formulate new guidelines in foreign investment. In addition, a national leading group on foreign investment work has been formed.

With the further development of reform and opening to the outside world, China will play a more and more important role in the global economy, while presenting a more and more powerful attraction for foreign investment. Before long, China will become the largest area for investment in the whole world, and, accordingly, foreign investors are bound to compete with each other more intensely in this spacious arena.

Tianjin Holds Forum on Investment Environment

SK3112080094 *Tianjin TIANJIN RIBAO in Chinese 16 Dec pp 1, 2*

[FBIS Translated Excerpt] On the afternoon of 15 December, the conference room of the municipal government was filled with a harmonious and enthusiastic atmosphere with endless applause and laughter. The 1994 forum on Tianjin's investment environment was held there. Mayor Zhang Lichang, Vice Mayor Ye Disheng, Municipal Government Secretary General Zhang Guanwen, and responsible persons of relevant committees, offices, districts, and bureaus, and representatives of proprietors and managers of the three types of foreign-funded enterprises, sat together and talked freely to exchange views on further improving Tianjin's investment environment.

Through the form of holding forums, the municipal government and relevant departments directly listened to the opinions from foreign traders. This forum was the third of its kind in the municipality. This is an effective move which the municipal government has adopted to exchange views and strengthen cooperation with foreign traders. [passage omitted]

Zhang Lichang and Ye Disheng and responsible persons of relevant departments answered the questions raised by foreign traders on the spot and instructed the relevant departments and units to solve some specific problems within a definite period of time.

In his speech, Ye Disheng thanked the foreign traders for their efforts in Tianjin's construction and development on behalf of the municipal government. He said: Over the past few years, Tianjin's opening up trend has been well developed and the investment environment has unceasingly improved. Tianjin has become a hot spot for foreign businessmen to make investments. Our policies are aimed at seeking mutual benefits, earnestly serving

investors, creating a first-grade environment, enabling foreign traders to make profits, and seeking common development through earnest cooperation. To achieve this, we will unceasingly strengthen improvement efforts. In order to expand the degree of opening up, we have formulated specific targets and measures. Tianjin's investment environment will improve increasingly. We will continue to pay attention to the service and management of the latter stage for the three types of foreign-funded enterprises and create internal and external environments for them to do business in line with the law. [passage omitted]

Zhang Lichang said: Holding this kind of forum once every year is aimed at creating more opportunities to get in touch with all of you, strengthening understanding, and reaching more common views through holding talks and exchanging ideas in an effort to seek better cooperation. This forum itself has presented a very good investment environment. It is hoped that this kind of forum will be more successful every year and all of you will create greater achievements in Tianjin.

Zhang Lichang pointed out: The year 1994 marks a breakthrough in the progress of Tianjin's opening up. World known big financial groups and large companies have shown greater interest in Tianjin. Tianjin has created the best historical records in the amount of foreign capital it used and in the rate of putting foreign capital in place, and ranked among the best in China. As the biggest coastal open city in north China, Tianjin is making quicker strides towards the rank of internationally advanced major cities. Looking into 1995, Tianjin's situation will be better than this year and its opening up strides will be much bigger. The municipal government and all comprehensive functional departments will further improve work style, raise efficiency, and provide better service for foreign traders. All foreign traders who made investments in Tianjin are not only our economic cooperative partners but also the friends of Tianjin. Tianjin's invigoration and prosperity are closely related to your interests. It is hoped that friends at home and abroad will show further concern for and support Tianjin and work more for Tianjin's development and that all of you will have good ambitious plans in Tianjin.

Hainan Attracts Foreign Investment

OW3012054794 *Beijing XINHUA in English 0133 GMT 30 Dec 94*

[FBIS Transcribed Text] Haikou, December 30 (XINHUA)—Two prestigious companies from the Republic of Korea (ROK) are cooperating with China's island province of Hainan in establishing a joint venture for the production of galvanized iron, which is scarce on the Chinese market.

The newly-built plant is to be located in the Jinpan Industrial Development Zone, occupying an area of 7.8 ha [hectare] of land. The plant will cost 54 million U.S.

dollars and take 18 months to build. It has a designed annual production capacity of 100,000 tons of tin-plated sheet upon completion.

Galvanized iron is a key packing material in foodstuffs, beverages, medicines and in light industry and chemistry. However, China is able to supply only 10-15 percent of its annual demand of this packing material. The shortfalls, estimated at 740,000 tons a year, had to be imported from abroad, said a local trade official.

Therefore, production of tin-plated sheet is of great potential in China, he added.

ROK will provide Hainan with up-to-date equipment and technology including the computer-controlled production lines and pollution treatment devices. In addition, one Korean partner, the Daewoo Corp., can find an international outlet for products of the joint venture as it has 84 overseas branches and 64 overseas sales legal persons.

In the first 10 months of this year, Hainan approved establishment of 185 Sino-foreign joint ventures, involving an aggregated contractual value of 1.67 billion U.S. dollars. More than one billion U.S. dollars have been used in various projects undertaken in Hainan so far, 30 percent over the previous year's figure, said a local trade official.

Hainan is in the heyday of a foreign-funded construction. More than 1,000 overseas businessmen, including representatives from 70 leading companies in the world, flocked to Hainan this year for trade negotiations and spot investigations. Such big overseas companies as the Metro Godwyn Mayer Co. and the Chrysler Corp. in the U.S., Siemens Co. in Germany, the Singapore Sembawang Group of Companies and the Marubeni Co. Ltd. from Japan await with considerable interests.

The Enron Development Corp. and the International Trade Co. in the United States co-invested 110 million U.S. dollars this year to build a power plant with an installed capacity of 150,000 kw in Hainan.

Britain cooperated with Hainan in construction of an oil refinery which has a designed processing capacity six million tons of crude oil a year, the largest foreign-funded project in this island province. Over 168 million U.S. dollars have been poured into the project since it began last May.

When the first two phases of construction complete, the refinery is scheduled to gain an annual output value of 14 billion yuan, more than the previous combined annual industrial output value of Hainan.

The influx of foreign investment in Hainan indicates the prospect of this special economic zone is splendid, said Yao Fan, Director of the Hainan Provincial Department of Economic Cooperation with Foreign Countries.

After six years of initial exploitation, this youngest province in China has laid a solid foundation for future development and gained the first rank of the country in the economic growth.

Under a national policy of stringent money control, Hainan will benefit from foreign investment in many aspects, said Ruan Chongwu, Governor of Hainan.

Consulting Firm Set Up To Help Foreign Investors

OW3112031794 Beijing XINHUA in English 0203
GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 31 (XINHUA)—A foreign investment consulting company affiliated with the State Planning Commission will focus on making the dynamic Chinese market more accessible to foreign investors.

Though the vast potential of the Chinese market has attracted many foreign investors, many still need to learn about China's investment environment and relevant policies. Some take a roundabout way in seeking the appropriate investment project and proper Chinese co-operation partners.

Zhong Guangquan, General Manager of the Huaxin Foreign Investment Consultants, said yesterday in Beijing that the company is under the guidance of the foreign investment utilization department of the State Planning Commission, a leading government body involved with the management of foreign investment.

"Though using the administrative method to guide the use of foreign investment is necessary in the government's direct management, sometimes the economic measures are more effective," Zhong said.

He said that the State Planning Commission has decided to co-operate with the World Bank to select two projects to pioneer the practice of directing foreign investment into China's infrastructure sectors.

The Huaxin company has been authorized to participate in the selection and study of the project reports, he said.

More State Enterprises Apply To List Overseas

HK0201042795 Beijing ZHONGGUO XINWEN SHE
in English 0448 GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 31 (CNS)—A department for overseas listing has been set up in the China Securities Regulatory Commission which has so far received applications from 55 state owned enterprises for overseas listing as well as applications from some 120 enterprises for the issuance of "B" shares.

Process of internationalization began three years ago in China's securities market. "B" shares issued by the Shanghai Vacuum Electron Limited Company which was the first domestic company to float special shares which were traded in the renminbi were available in the Shanghai Securities Exchange in 1992. Since then the "B" stock market registered rapid development in Shanghai. There are to date 30 companies listed in this market. The Shenzhen Securities Exchange boasts 23

companies listed there for issuance of "B" shares since the Southern Glass Limited Company was listed in the securities exchange for the floating of "B" shares on February 28, 1992. Investors who made investment in China's "B" share market come from dozens of countries and regions.

Traders pointed out that internationalization of China's securities market showed promising prospects. As the restructuring of China's enterprise system is so far at an initial stage and reform of financial system is now underway, the securities market is just in fledgling shape. The process of internationalization is, therefore, subject to the money market and to market development as well as market scale while at the same time other factors also have constraining effects on such process including difference between company regulations and international standard, the level of supervision seen in the securities market and foreign exchange control. Under such circumstances there are so many problems yet to be solved for internationalization of China's securities market including that regulations for announcement of information on a listed company had to meet international practice. Necessary provisions have already been formulated to govern the overseas listing of domestic enterprises and put them into the right track. Convertibility of the renminbi is another problem for further development of China's securities market. Deputy Governor of People's Bank of China, Mr. Zhu Xiaohua, confirmed that the renminbi was made convertible by the year 2000 at latest. With presence of the above-mentioned corresponding development, internationalization of the securities market will be accelerated.

The process of internationalization covers two parts which are exploitation of the "B" share market and the overseas listing of China's enterprises. The main content involved in the internationalization of the securities market at present mainly lies in development of the "B" share market at home with aim of enabling operation as well as the size of such market in line with the international standard step by step. The market will by then become a safe, reliable and profitable place for international investment.

Inspection Authority Curbs 'Speculative' Investment

HK0301074395 Beijing CHINA DAILY in English 2
Jan 95 p 5

[By Qiu Qi: "Watchdog Finds Fake Investors"]

[FBIS Transcribed Text] China's watchdog for the quality of import and export commodities has successfully curbed speculative foreign investment that might have incurred huge losses to the State.

Tian Runzhi, Chief Administrator of the State Administration for the Inspection of Import and Export Commodities, said over the weekend that more than \$500 million has been recouped in the past four years from

foreign investors who had attempted to invest shoddy equipment in joint ventures with Chinese partners.

Since its establishment, the administration has examined nearly 5,000 batches of foreign equipment invested in joint ventures.

Tian said the equipment, worth \$230 million according to its providers, was actually only worth \$180 million.

Foreign investors have hoped to gain as much a share as possible in joint ventures by exaggerating the value of their equipment used as an investment means.

Some foreign investors even invested with equipment made in the 1930s, and some invested with "foreign" equipment which was actually made in China, Tian said.

"The appraisal of foreign equipment is an important measure to protect the benefits of all investing sides as well as to ensure the healthy development of joint ventures," he said.

In recent years, more and more overseas investors have tended to invest in kind rather than cash in joint ventures in China making inspection of the equipment more important.

Tian said the government will continue to enact strict inspection on foreign-equipment in the coming years to optimize the structure of foreign investment.

"We should shift our focus from how much foreign investment there is in China to how good it is," Tian said. In other words, China should pay much more attention to the quality, not only the quantity of foreign investment.

Tian explained that checking the value of foreign equipment should not frighten away overseas investors.

"Any worthy foreign investor with a long-term commitment in China will be attracted by its open policy, booming economy and huge market, not loopholes in the rules," he said.

The government will also continue to strengthen quality control of export commodities, which is vital in sustaining a strong performance in the world's market, he added.

"We will popularize the application of the international standard—ISO9000 series—to enhance the quality of our export commodities in the following years," he said.

To date, over 50 Chinese enterprises have matched international standards.

At present, the qualification rate of China's import and export goods has increased by 5.56 and 3.19 percent respectively over the rate five years ago.

"However, the percentage of examined goods in the country is fairly small and it has to be expanded," Tian said.

He said only a little more than 30 percent of the import and export goods are examined by his administration.

The figure is much lower in the coastal region, mainly big port cities, Tian added.

Bank Signs Loan Agreement for Textile Industry

OW3012132194 Beijing XINHUA in English 1253 GMT 30 Dec 94

[FBIS Transcribed Text] Beijing, December 30 (XINHUA)—The Industrial and Commercial Bank of China has signed a loan agreement of 100 million U.S. dollars with the Chase Manhattan Bank of the United States here today, helping upgrade China's textile industry.

The loan will be used by textile enterprises in China's 17 provinces to import advanced textile technology and equipment for the renovation of the country's existing textile firms.

The technology and equipment will be supplied by Somet, Italy, believed to be the leading rapier looms manufacturer in the world.

Daedalus Group Hong Kong has acted as the commercial consultant in the frame of the deal while Inseco Co. of Italy has been the financial adviser.

Agriculture

Minister on Opening Agriculture to Foreign Investment

HK0201042995 Beijing ZHONGGUO XINWEN SHE in English 0758 GMT 31 Dec 94

[FBIS Transcribed Text] Beijing, December 31 (CNS)—Liu Jiang, Minister of Agriculture, said that from now on, agriculture in China will be further opened to foreign countries, and environment for opening agriculture to the outside world will be further improved and the scale of using foreign capital will be further expanded.

At present, although there has been a sound development in China's agriculture, there is still a great gap between China and other developed countries in the world. Developed countries have seen their 60 percent to 80 percent productivity of agriculture achieved by new science and technology.

By using seven percent farmland in the world, China feeds 22 percent of the world population. This is a world-famous achievement. One of the main reasons is that science and technology has played an important role in this sector.

According to statistics of the State Science and Technology Commission, some 35 percent of agricultural growth in China has now been achieved through scientific and technological advancement at present while only 20 percent before the implementation of reform in the country.

Since the start of reform and opening-up, China has been promoting agricultural technological modernization mainly in two ways.

One is to develop the quality, high-yield and high-efficiency agriculture. This is to carry out the "Spark Programme" which aims at spreading agricultural scientific technologies and training agricultural technicians. The programme include spreading hybrid rice, hybrid maize and medical skills for livestock and poultry, techniques for cultivation of crops and methods of preventing and controlling plant diseases and insect pests, improvement of low-yield land, the increase of fertilizers and so on.

Another is to attract foreign investment through different channels for upgrading agricultural technologies. In the past ten-odd years, China has imported tens of technological items by which over RMB [renminbi] 1 billion has been earned and over 100,000 types of seeds and breeds including those for grain, cotton, edible oil, aquatic products, livestock and poultry and so on. This has quickened the agricultural technological modernization process in the country.

State Councillor Chen Junsheng on Supply Work

SK0301083095 Beijing XINHUA Domestic Service in Chinese 1934 GMT 29 Dec 94

[By reporter He Jinsong (6320 0513 2646): "Chen Junsheng Says the Overall Work Situation of Supply And Marketing Cooperatives Should Be Dominated by the Character 'Agriculture'"]

[FBIS Translated Text] Beijing, 29 Dec (XINHUA)—At the national conference on circulation of commodities and the forum of chairmen of supply and marketing cooperatives sponsored on 29 December, State Councillor Chen Junsheng said that the overall work situation of supply and marketing cooperatives should be dominated by the character "agriculture," and the supply and marketing cooperatives should be built into peasants' real economic cooperative organizations.

It is introduced that to date, the supply and marketing cooperatives have 5.8 million staff members and workers, assets valued at more than 70 billion yuan, an appropriate scale of farm and sideline processing, storing, marketing, transporting, and some other management and service facilities; annually create more than 800 billion yuan of purchasing and marketing value; and have become key forces to develop the rural market economy. Chen Junsheng said: The supply and marketing cooperatives at various levels must firmly foster the thinking of taking agriculture as a foundation and offering service to agriculture and should shift the management orientation onto agriculture. Supply and marketing cooperatives will draw benefits from "agriculture" as long as they have an accurate appraisal of markets. At present, the supply and marketing cooperatives should emphatically achieve the supply of agricultural capital goods and the service of the supply work.

bring into full play their dominant role in circulating agricultural capital goods focusing on chemical fertilizers, strive to organize the supply of chemical fertilizers, guarantee the supply work, reduce prices, and stabilize the markets for agricultural capital goods. It is necessary to further run hospitals for crops well, provide good technological services, and make contributions to reaping bumper agricultural harvests in 1995.

Chen Junsheng said: The supply and marketing cooperatives at various levels should vigorously develop organizations for making trade, industry, and agriculture an organic whole and for making production, supply, and marketing an organic whole. Backbone enterprises should be set up to manufacture key products. Specialized households and specialized villages should be organized to make production, supply, and marketing an organic whole. It is necessary to expand the rural employment channels and to increase the peasants' income. We should make efforts to expand the scale of management, as well as service spheres, and jump out of the "official-run" circles. According to market demands, we should readjust the management and service structures and do solid deeds for the peasants. Supply and marketing cooperatives should take advantage of being large in number, offer large-scale services, and have flexible information and relatively solid management and service facilities; and strengthen their cooperation with the departments related to agriculture to learn from each others' strong points, to ceaselessly upgrade the scientific and technological contents of the services to agriculture, and to further promote the development of agricultural production and the rural economy.

Internal Trade Minister on Relief Grain Supply

SK0301064595 Beijing XINHUA Domestic Service in Chinese 1612 GMT 28 Dec 94

[By report He Jinsong (6320 0519 2646)]

[FBIS Translated Text] Beijing, 28 Dec (XINHUA)—At the work conference held today on grain supply for disaster-stricken areas, Bai Meiqing, minister of internal trade and director of the State Grain Reserve Administration, stated that grain departments at all levels should clearly define their responsibility and should realistically do a good job in making arrangements for the grain supply of the "two festival" and spring leisure periods.

As was introduced, the acreage of farmland across the country that had suffered serious natural disasters in 1994, and the number of disaster-stricken population, respectively, surpassed the 1993 figures. The Ministry of Internal Trade has successively issued six targets for handing out 3.035 billion kg in relief grain to stricken areas and for helping localities successfully arrange for ration grain supplies to peasants.

Bai Meiqing stated: Grain departments at all levels should continuously do a good job in supplying grain to stricken areas, should make classified arrangements in

line with the stricken extent and the situation in grain shortage, should successfully implement the disaster relief responsibility system, and should resolutely refrain from suspending sales and supplies. Localities that can offer grain to others should take the entire situation into consideration and successfully arrange for grain offering plans so as to ensure disaster-stricken people have a happy Spring Festival. Localities short of grain should adopt methods to get onto the roll of disaster-stricken households, to open the roll to the public, to make relief arrangements at once, and to conduct supplies in a step-by-step manner. They should clearly define the volume and time of grain supplies so as to stabilize the people's feelings in the stricken areas.

Bai Meiqing pointed out: Various localities should organize grain supplies for stricken areas in line with the principle of maintaining the capital and having slight profit. The targets issued by the state for relief grain, which have not been arranged for supply, should be implemented by handing out grains to the households as soon as possible. Relief grain covered by the targets should be especially used for relief. No one is allowed to sell them or divert them to other purposes.

Journal Stresses Need To Promote Agriculture

HK3012145394 Hong Kong CHING PAO in Chinese No 209, 5 Dec 94 pp 34-38

[Article by Mu Ran (2606 3544), 30 October 1994: "Mystery of China Reiterating Agriculture As Foundation"]

[FBIS Translated Text] Land is a Major Backing for Existence Although the world has entered an age of industrialization and modernization, agriculture still occupies an important position in today's world. Developing countries are often plagued by the problem of having insufficient grain, while advanced countries grant subsidies in huge amounts to their own agriculture sectors while competing and clashing with their rivals over the exports of farm goods. Take the case of the United States. The country has adopted a regulation policy (in terms of financial credits) to boost the modernization of its agriculture; besides, it has also put into effect a number of systems which contribute to increasing the revenue and capital accumulation of agriculture, including the "Plan for Supporting National Prices," "Plan on Harvest Insurance," and "Plan Concerning Agricultural Loans." Placing "the stable income of farmers" as a major item in the State Plan, the United States has injected large amounts of money to ensure that the incomes of farmers can remain stable. Over recent years, this input has accounted for 30 to 50 percent of the total agricultural budget. There are no grounds to believe that agriculture has become dispensable or can be left untended under the conditions of an advanced economy. From a broader sense, during the entire history of mankind, land has always been a major backing and a major source for all kinds of production as

well as for the existence of all living things and is, therefore, a primary precondition for all material production.

Background Against Which the Primary Position of Agriculture Is Reiterated

China is currently engaged in a modernization drive and its economic development is just beginning to pick up. However, the standing of agriculture in the minds of certain leaders has been dropping with each passing day and, gradually, many adverse consequences have begun to emerge (some are, of course, unavoidable phenomena cropping up during the shift of the economic structure). China's reform started with agriculture. Over the past long period of time, China's old agricultural system had bound peasants so tightly to the land that they could not make a single move; besides, like the former Soviet Union, China also attempted to realize its national industrialization at the cost of exploiting peasants and sacrificing their interests, which proved to be intolerable to the peasants. As a matter of fact, such a reality has hindered, to an extremely great extent, the country's efforts to head for industrialization. (I would like to mention in passing that a strange book entitled *Viewing China Through a Third Eye* was recently published in China under the name of a German. This book sang the praises of China's past agricultural structure and reportedly won the appreciation of certain state leaders. This sounds absurd in the extreme.)

China's reform of the agricultural structure, which started at the end of the 1970's, has brought rapid development to agriculture. By 1984, the agricultural growth reached an all-time high and the grain output exceeded 800 billion jin that year. The subsequent rise of township and town enterprises has given an extremely great impetus to the reform of the urban economy as well as the reform of the country's old economic structure as a whole. During the following several years, with an unrealistic optimism, the then leaders slackened their efforts to boost agricultural production; as a result, the country's agricultural growth became stagnant during those several years (from 1985 to 1987). Although the grain output was still on the rise in the years 1990 to 1994 (the grain output reached 900 and 950 billion jin in 1990 and 1994 respectively), many deep-level problems were built up over the years. Starting in 1992, due to the fact that the country's economy was shifting onto the track of a market economy and also due to the then lax leadership, problems with agriculture finally came to the surface: The "scissors difference" between the prices of industrial and agricultural products widened, the readjusted prices of farm products were much lower than the prices of the means of agricultural production, and the malpractices of arbitrary impositions and collections of fees and charges were spreading rampantly in rural areas. Under such circumstances, despite the increase in the total grain output, the actual income of peasants had gone down to varying degrees, thus widening the gap between urban and rural areas. Peasants in some localities rose to protest and made disturbances and it was

only at this time that the CPC leadership began to cool it down. Last year, agriculture was stressed as one of the key issues of China's economic work (another key issue is running large and medium state-owned enterprises well), and the primary position of agriculture in the national economy was reiterated.

This writer published an article entitled "The Two Hidden Worries for China's Agriculture" in the May issue of this magazine. That article dwelt on the concrete developments in China's agriculture, viewing it as it stood. If viewed from the overall development and tasks of agriculture, the issue of agriculture will certainly be more complicated and profound. One can still see from many a different angle that the primary position of agriculture still remains prominent under the new conditions. In this article, this writer intends to probe briefly into the following two issues.

Efforts Should Be Made To Seek Stable Agricultural Development

First, the issue concerning the stable development of agriculture as well as ways to establish an independent modern agricultural industry.

Since the founding of the PRC, and since the country began to strive for industrialization, China's economy has followed the following underlying rule: Whenever agriculture (here mainly referring to farming, particularly the production of grain, cotton, and cooking oil) undergoes development and good harvests are reaped, China's entire economic situation becomes satisfying and the social stability will be well maintained. Otherwise, various troubles will surface, threatening the overall social stability. At present, when the country is heading for modernization with an aim to build up a socialist market economy, judging by things over the past decade and more, this underlying rule is still in practice. China is the world's largest agricultural nation, in which almost everything is related to agriculture and peasants. Anyone who refuses to admit this fact will come to grief and will cause setbacks to the country's modernization drive. What is more, China's massive agriculture itself is bound to develop gradually into an independent modern industry, playing an important part in the entire national economy. In this sense, China will probably surpass all existing advanced countries. How can we successfully take to this road and avoid following the old disastrous road taken by capitalist countries whereby agriculture shrinks and large numbers of peasants are unable to make a living? This is a question we must take into consideration right away. We must guide agriculture to develop toward a predetermined correct orientation and never let go of our hold on agriculture or allow the market economy to make spontaneous readjustments. Being a large agricultural nation, China should never underestimate the importance of this issue.

Serious Problems Revealed by Li Ruihuan

In the first place, it is imperative to seek a stable development of agriculture and, particularly, to protect

farmland as a valuable resource. As we all know, China feeds 22 percent of the world's population with only 7 percent of the world's total arable land. From their childhood, the Chinese have been taught that theirs is a country which has "a vast territory and abundant resources"; as a matter of fact, one of China's special characteristics is that "the population is big while the land is scarce" and, besides, the resources that can be exploited are not that abundant, with the country even being deficient in certain resources (for example, the acreage of forest cover). At the Seventh Session of the 8th Chinese People's Political Consultative Conference [CPPCC], CPPCC Chairman Li Ruihuan in a stirring speech, revealed the serious problems currently existing with China's agriculture. He pointed out:

With an unceasingly swelling population, China sees a rapid decrease in its cultivated land. Statistics have shown that during the period from 1957 to 1986, the accumulated decrease in cultivated area stood at 610 million mu, while the net decrease was 230 million mu, registering a net annual decrease of 7.9 million mu. After the promulgation of the "Law on Land Management" in 1986, for a time, the tendency of a drastic land decrease was successfully brought under control. Over the past a couple of years, however, this tendency has staged a comeback. In 1993 alone, the country's total area under cultivation registered a decrease of 9.37 million mu, equaling the total cultivated area of Qinghai Province. According to statistics released by the State Family Planning Committee, the net annual increase of China's population stands at 16 million, equalling three times the total population of Qinghai Province. If China fails to check the sharp decline in cultivated land and the drastic growth in population, the per capita farmland will drop to 0.6 mu in 50 years time. How much farmland we can leave for our coming generations after 100 years?! The drastic decline in China's cultivated area is mainly attributable to arbitrary occupation of land. According to a rough estimate, in 1992 alone, the total land area occupied by construction and development zones of all kinds, as well as being nibbled at by internal structural readjustments of agriculture, across the country exceeded 10 million mu. Generally speaking, at a time when the national economy is undergoing rapid growth, due to the expansion of the construction scale, the readjustment of the industrial structure, and the accelerated process of urbanization, occupation of farmland is something that is hard to avoid. However, the present massive occupation of farmland in China is unacceptable to any country and is particularly intolerable for a country like ours which is plagued by a big population and scarce land. In addition, a considerable part of the farmland is unjustifiably occupied or misused. During a nationwide inspection and screening of misuse of land for nonagricultural purposes in 1987, more than 10 million cases of illegal land occupation were uncovered, involving a total farming area of 8.16 mu. During the nationwide rectification of development zones launched in 1993, the authorities found out that among the newly

established 2,800 development zones of all kinds at all levels across the country, 78 percent of them occupied farmland indiscriminately, involving a total land area of as much as 11.43 million mu. Another grave crisis facing China's farmland management is the serious soil erosion and the deteriorating ecological environment of the land. At present, the country's total area of soil erosion has been expanded to 1.8 million square km and the total area of land being turned into desert will increase to 200,000 square km.

Not all Chinese leaders have a clear picture of what Li Ruihuan depicted above and some of them have never showed any concern over the issue. It is estimated that China's total grain output will reach 1000 billion jin by the end of this century, with a per capita grain share of about 800 jin (excluding forage, this figure can only meet the basic requirement of providing the people with sufficient food). Judging by the present development, it is not difficult to attain this goal; what is difficult is to ensure that agriculture can undergo a steady development in the light of the needs of the country's growing population and the new demands of the society and to ensure that the income of peasants can attain a similar steady growth and that no big troubles arise among the peasants. This certainly includes efforts to resolutely check the above practice of destroying land resources.

Some Coastal Provinces Have Abandoned Agriculture Altogether

To have a modernized economy, we must first have a modernized and advanced agriculture; this is particularly true with a country like China. However, it is really hard to say how many leaders in China have realized the importance of this question. On the contrary, what we can see is that a considerable number of leaders have reckoned that with an advanced economy, agriculture has become dispensable, for grain can be imported from foreign countries once the country is short of grain supply. Such abnormal phenomena have already spread in economically advanced coastal provinces which embarked on opening up at an earlier time. In these provinces, the shrinking agriculture has resulted in a situation wherein rich localities have fattened up while localities that have to rely on farming remain as poor as before. Neglect of agriculture is a fundamental cause leading to a polarization between different areas of the same province. Eager for quick results, more people have deemed it a quicker way to attain economic results by running the secondary and tertiary industries than engaging in agriculture; as a result, they put aside agriculture and let it go untended. Others have even directly equated economic advances to industrial advances and the advances in tertiary industries, believing that agriculture is something that they can go without. Governed by such a mentality, agricultural growth has slowed down in recent years in certain localities which used to do well in agriculture and the prices of nonstaple foodstuffs in these localities have gone up to such a high level that proves unacceptable to both urban and rural residents.

These localities have failed to develop major agricultural projects; when drawing up concrete development plans, they tend to give insufficient or no consideration at all to the needs of agricultural development. This is also a major factor contributing to the current galloping inflation. Because both urban and rural residents in China are still living on a relatively low income, and the consumption expenditure makes up the larger part of their income, any price rises on grain, cooking oil, and nonstaple foodstuffs will directly affect the living standards of the residents. However, insufficient supplies will inevitably raise the prices of grain, cooking oil, and nonstaple foodstuffs. It has been estimated that a 1-percent increase in the prices of agricultural products will cause a 0.6-percent rise in the living expenses of peasants. Therefore, only a sufficient supply of agricultural products can help stabilize the market, soothe public feelings, and keep the tendency of "reaping staggering profits" from running rampant again.

In localities where agriculture is neglected or held dispensable, it has become a common phenomenon to arbitrarily extort money from peasants. Regarding peasants as an inexhaustible financial source, these localities generally engage in imposing unjustified charges on and collecting arbitrary fees from peasants. Such a situation has worsened with each passing day. It was not until last year that this problem was brought to people's attention and relevant measures were adopted to check this unhealthy practice and to relieve peasants of their heavy burdens. However, due to their lack of a correct understanding of this issue, some localities have failed to achieve real results in easing the burdens of peasants; as a result, some fees that were canceled some time ago have been, or tend to be, reinstated. People have yet to acquire a correct understanding of the importance of agriculture and, on the other hand, they have overestimated the tolerance of peasants. This constitutes another major cause leading to the hidden crisis facing China's agriculture.

The Enlightenment Brought By Liaoning's Efforts To Realize Self-Sufficiency in Grain Supply

It is beyond doubt that China should not remain at the level of unitary agriculture. When the entire economy is undergoing a rapid development, especially when industries and tertiary industries have attained considerable growth, it is a normal and inexorable thing that the proportion of agriculture in the overall economy will decline comparatively. However, it does not mean a decline in the standing of agriculture. Moreover, we should not allow the scarcity of agricultural products to continue, for this is a shortsighted view and will bring great harm to the economy. As a matter of fact, with advanced industries, especially advanced secondary and tertiary industries, our failure to attach great importance to the development of agriculture will lead to short market supplies (including the supplies of a number of major raw materials), unstable prices of commodities, polarization between urban and rural areas, and a worsened social order. Under such circumstances, industries

themselves will lose their markets and will find no room for further development, while the common people will encounter numerous difficulties in their daily lives or even have to depend on others for a living.

This can be well proved by the economic development of Liaoning Province. Of the three northeastern provinces, Liaoning used to be the only one relying entirely on heavy industry, with half of its 40-million-plus population living in urban areas. Acting as one of China's heavy industrial bases as well as an outfit department for the country, this province has provided the country with raw materials, such as steel and coal. However, the supply of grain and meat allocated to Liaoning by the central government was limited and the province could only turn out 50 percent of the vegetables it needed. That is why Liaoning is known as "a major industrial province and a minor agricultural province." The people of Liaoning tried for several decades to remove the "cripple" label from themselves, yet their goal was impossible to achieve under the past conditions of a planned economy. During those times, whenever they had a chance to go to Beijing or other parts of the country, people from Liaoning always rushed to buy pork and packed it into their large or small bags. Described as people "wearing dog-fur hats and torn cotton-padded jackets, and carrying packs of pork in the streets," they were mocked by the residents from other parts of the country as "northeastern tigers" for their unusual vigor displayed in panic pork purchases. Do they need to or can they put an end to such a situation? Views were divergent among the people of Liaoning on this question. Some people held that it was impossible, as well as unnecessary, to change this situation. By saying it "impossible," they based their argument mainly on Liaoning's natural conditions: for both eastern and western parts of the province were a stretch of barren mountains and infertile land. With the arrival of the 1990's, people were still startled to learn that the province planned to attain self-sufficiency in grain, for they had got used to living on grain that was supplied by others. Starting the 1990's, amidst the irresistible trend of reform and opening up, people could no longer tolerate the situation featured by an advanced industry, a backward agriculture, and a life deficient in supplies of all daily necessities. It was then that the people of Liaoning made up their minds to boost the province's agricultural production. Now, their efforts over the past three to four years have brought great changes to the situation. In 1993, Liaoning's grain output totalled 33.9 billion kg, reaching an all-time high. Since 1990, the province's total annual grain output has exceeded 30 billion kg for three consecutive years, which means that the province is now basically self-sufficient in grain. Last year, this major industrial province exported for the first time in history, 300,000 tonnes of rice to other countries and provided 300,000 big porkers for areas outside the northeast. The province's previous three major crops of maize, sorghum, and soybeans have been replaced by wheat, rice, and soybeans. Last year, Liaoning also exported 1.07 million tonnes of maize,

while the large quantities of vegetables it turns out every year have been sold to Jilin and Hailongjiang, or even to places outside the northeast. What is more, the crabs and crab fry produced in Panjin has become well known far and near. Today, Liaoning Province's supply of major nonstaple foodstuffs has surpassed the country's average level and its capability to tolerate inflationary pressure has been considerably enhanced. Such a sound situation has also created favorable conditions for the province to stabilize public feelings and to transform the operational mechanism of large and medium state-run enterprises (including the conditions of the market and the conditions for guaranteeing the living standards of workers).

The case of Liaoning can fully serve to show that, if localities with a relatively high industrial level fail to pay simultaneous attention to developing their agriculture, they will find it impossible to attain further development. To apply the case to a country, this country will have to depend on foreign countries for survival and be dominated by changes in international grain markets. If this is the case, the independence of this country will remain largely in doubt. An advanced agriculture will not only bring improvement to the living standards of the people but will also help maintain urban prosperity and stabilize the entire society. Meanwhile, it will also lay a solid foundation for the further development of industries as well as the future growth of secondary and tertiary industries.

An independent modernized agricultural industry has already taken initial shape in China. Take Shuyi County in Beijing Municipality for example. Starting with the scale operations of agriculture, this county has gradually shifted its rural laborers to the secondary and tertiary industries. At present, all the land in the county is operated by a small number of professional farmers; despite a decline in the total arable land, the output far exceeds that in the past. This is the so-called mechanized collective agricultural industry and its level of modernization is being enhanced on a constant basis.

It Is Imperative To Base on Agriculture To Open Up a Road of Industrialization

Second, it is imperative to base on agriculture to open up a new road of industrialization. As I have said above, China claimed in the past that its road of industrialization differed from the one taken by the Soviet Union, for the latter attained industrialization by exploiting its peasants. Judging by the realistic situation in China, however, the country's planned economic system and the agricultural structure in past were also based on the same grounds. Through the system that pinned peasants down to land and through the state monopoly for the purchase of and marketing of grain, the country tried by all means to extort money from peasants and then put the money into the development of industries, especially heavy industry. As one of the major causes that slowed down and ossified the entire process of the national economy, this road has proved unsuccessful in practice.

Smashing the old agricultural structure, the agricultural reform has introduced a contract responsibility system on a household basis with remuneration linked to output and turned peasants from the slaves into masters of the land, thus once again emancipating the productive forces of agriculture. Within a short period of only two to three years, the grain output has reached a high level never recorded in history (totalling 800 billion jin). The subsequent rise of township and town enterprises in rural areas, as well as the flourishing secondary and tertiary industries run by peasants themselves, have served to open up a new road for realizing industrial modernization on the basis of agriculture. This is an amazing achievement scored by the Chinese peasants. For a time, restricted by old concepts and views, some people failed to comprehend the true value of this great new thing and, with the belief that the spontaneous forces of peasants had enabled "capitalism to stage a comeback," they reckoned the overall situation was unsound. During a later time when the old planned economic structure was first changed into "a planned commodity economy on the basis of public ownership" and then developed into "a socialist market economy" (the reason why I use the word "developed" here is that, in my opinion, there is in fact no difference between the so-called socialist planned commodity economy and the socialist market economy), the economic situation in China's rural areas underwent new changes again and the once static countryside was turned into a dynamic one. After the state lifted its control over prices and subjected prices to the regulation of the market, the aforementioned "scissors difference" between the prices of industrial and agricultural products began to widen, the prices of agricultural means of production rocketed, and peasants could earn even less from farming; as a result, peasants were no longer willing to make a living on the land and they left their homeland for cities one after another. Most of whom entered the secondary and tertiary industries while others found employment or started their own businesses there. The conspicuous "massive shift of laborers" from China's rural to urban areas has left much of the already scarce land uncultivated. Take the case of the major agricultural province of Sichuan. According to a report carried by the weekly LIAOWANG, of the 51.72 million rural laborers in Sichuan, only 20 million are still engaged in farming, while 15 million have left the rural areas (including people seeking employment or doing business in places outside Sichuan, people falling into this category totalled 5 million in 1993 and has exceeded 6 million in 1994). Besides, the province has 16.72 surplus laborers who are currently awaiting opportunities to leave their homeland and seek a livelihood in new places. This is a brand-new situation which has raised a new question for our country and our society: Will we allow the market economy to spontaneously and mercilessly allocate farmland, laborers, and funds earmarked for agriculture to other sectors of the national economy and let the conditions of agricultural production deteriorate with each passing day; or let agriculture voluntarily adapt itself to the needs of the market economy, further

reform itself, and finally open up a new road for accelerating the country's industrial modernization and urban-rural integration?

The Rural Society Will Be Turned Into an Urban Society

Today, China's agriculture is at such a crossroads as stated above. It has been learned by this writer (and many of such reports have already been carried by mainland newspapers and magazines), most of the local leaders in China have realized that the present time is exactly a favorable opportunity to guide peasants to render services to the industrial modernization. In the light of different conditions, some leaders have started with the scale of operation of agriculture and taken the initiative to shift surplus rural laborers to other production fronts. Sichuan Province has launched a project to bring about a fairly comfortable life to rural areas, advocating "one product for one household" (that is, striving to turn itself into a major specialized household, one household will specialize in one line of production, such as farming, cotton plantation, or fruit cultivation). Meanwhile, the province also plans to build up over 100 small townships and towns, as well as industrial development zones of various kinds. These development zones and small townships and towns will become the economic cores for different districts and regions and which can attract rural laborers in large numbers. Efforts will also be made to, basing on existing county towns (or county-level cities), build up medium and small cities and then develop better qualified medium cities into cities of a larger scale (yet the population of each should not exceed 1 million). Meanwhile, simultaneous steps will be taken to transform and develop a number of small towns of key importance. In this way, the rural areas can be turned from a "rural society" into an "urban society," or to say a "society of urban-rural integration." This undoubtedly means a leap forward for the society. In the

past, a social scientific faction in China (represented by people like Fei Xiaotong) once imagined, through various channels, turning the "rural society" of China into an urban society in which there is not only agriculture but also industry, commerce, and trade. This goal was unattainable in old China; even if this goal could be attained, it needed to take a protracted spontaneous process and be limited only to the rural areas inside economically advanced regions. Under today's conditions, the project of turning the "rural society" into an "urban society" is well under way. Mr Fei Xiaotong, vice chairman of the National People's Congress, is already in his 80's yet he still enjoys travelling to rural areas and often comes out with different suggestions and proposals on the construction of rural areas. He enjoys doing all this maybe because he can already see the hope that his long-cherished ideal will soon come true.

Sichuan is located in the remote western part of China and it has just taken its first step on this new road. If we can take a look at provinces in the southeastern part of China which embarked on the opening up at an earlier time (such as Jiangsu and Shandong Provinces), we can see more clearly the silhouette of this new road: The rural scale operation (or the project of bringing a well-off life to rural areas)—township and town enterprises—industrial development zone of various kinds—small townships and towns—central cities. This new road, or to say, new set-up, with progressive and mutually promoting tiers, will be taken by all parts of the country, although its composition and concrete implementation steps may differ from one locality to another.

Basing on all that stated above, my conclusion is that so long as the country can arouse the enthusiasm of the peasants to the full in participating in the socialist market economy and give them correct guidance, the day for China to realize industrialization and modernization will not be far off.

East Region

State Council SEZ Office Director Inspects Hefei

OW3112053094 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 17 Dec 94

[From the "Provincial Hookup" program]

[FBIS Translated Text] Hu Ping, director of the State Council Special Economic Zones Office, inspected the Hefei Economic and Technical Development Zone on 15 December accompanied by Lu Rongjing, Anhui provincial party committee secretary; Wang Taihua, Anhui provincial party committee deputy secretary and Hefei city party committee secretary; and Vice Governor Zhang Runxia. In the development zone, Hu Ping visited (Wandefu) Ceramics Joint Venture, (Kemingli) Color Advertising Joint Venture, and construction sites for the (Zhengda) and (Jiaan) companies. He was also briefed by the individual in charge of the development zone.

When he heard that Hefei City had recorded profits from its land, started operating the development zone in March 1993 without government funds, and enticed 68 projects from eight countries and regions into the zone this year, he happily pointed out that there was indeed a new task to know Anhui afresh and let the world learn more about Anhui. Anhui has undergone a great change in recent years, particularly in the thinking and concepts of the provincial party committee and government. Anhui occupies an important place amid China's efforts to open to the outside world because it can reach the hinterland as well as the coastal areas at the same time. Hefei, with Chang Jiang as its backing, should become a modernized and open central city in the hinterland, for it will have a good airport and a railway network that extends in all directions in the future.

Hu Ping noted: The projects in Hefei Economic and Technical Development Zone have their own characteristics, high levels, larger scale, and develop fairly quickly. They should reap certain harvest next year. Hu Ping also gave a positive reply to Hefei City's application for making its economic and technical development zone a state-class development zone.

Provincial Party Secretary Lu Rongjing said: The rapid development of Hefei City Economic and Technical Development Zone should be attributed to the state's open policy and the unanimous emancipation of minds throughout Anhui. Now everything is ready; all that we need is an east wind. As soon as the east wind blows, Hefei will surely rapidly become an economic golden triangle in Anhui.

Accompanied by (Chen Lanzhi), provincial people's government deputy secretary general, and leaders of Hefei City, Hu Ping inspected construction sites for Hefei's new train station, (Hupo) mountain villa, and Hefei New and High Technology Development Zone on the afternoon of 15 December. He viewed the night scenes of Hefei on the evening of the same day.

Anhui Secretary Discusses Economic Quality

OW0101105495 Hefei ANHUI RIBAO in Chinese 10 Dec 94 p 1

[Article by Lu Rongjing, Anhui Provincial Party Committee secretary: "Improve the Quality of Economic Operations and Follow the Path of Development Based on Quality and Efficiency"]

[FBIS Translated Text] Our province has experienced three years of sustained and rapid economic growth. Its total output value of goods and services for 1992 grew by 17 percent over the previous year, an increase that was higher than the average national figure. Development gathered pace in 1993, with the total output value of goods and services rising by 22 percent over the previous year. The provincial economy has maintained a fairly strong growth rate since the beginning of this year. In agricultural production, the province managed to reap fairly good harvests despite the adverse effects of drought. The development of village and town enterprises continued unabated, pushing the province to the forefront of the nation in terms of industrial growth rates. The province recorded brisk sales, continued investment growth, and a substantial increase in financial revenue. Three years of substantial development has wrought tremendous changes in the provincial economy. These are hard-earned gains. Over the past few years, people throughout the province have worked in a down-to-earth manner, emancipated their minds, carried out reforms and innovations with keen determination, and created an environment for and given impetus to substantial development. The past three years can be described as the finest period in the history of our province's economic development. We should cherish the achievements we have scored, and maintain the province's favorable trend of economic development through all means.

I recently investigated, studied, and contemplated in depth the question of maintaining the province's favorable trend of economic development. My general understanding is that we must change the model of economic growth if we are to maintain the favorable trend of development. It is common knowledge that faster economic development can be achieved through two different approaches. The first is through quantitative growth; that is, increasing output mainly through greater input. The second is through quality and efficiency; that is, increasing total supply and demand primarily by improving the quality and efficiency of economic operations. Judging by the current state of reform and development, our province should make a strategic shift from quantitative economic growth to economic quality and efficiency as soon as possible so that the provincial economy will embark on a sound path, and the pace of making the province stronger and the people more prosperous will quicken.

1. The shift toward economic quality and efficiency is a pressing requirement in light of current economic operations. We should clearly see that the current low quality

of our province's economic operations is caused by such problems as an irrational industrial structure, enterprises' low technological and managerial standards, and poor economic efficiency. The foundation for sustained and rapid economic development, therefore, has not been firmly established. The overall low enterprise quality means that enterprises are poor at developing markets, with their products barely capable of making inroads into markets in other provinces and municipalities, as well as into the international market. Moreover, poor efficiency has led to sluggish growth in revenue and demand, as well as slow market development in the province. Consequently, the contradiction between production and marketing—that is, the contradiction between rapid production growth and market capacity—is deepening with each passing day. Poor efficiency has eroded our ability to accumulate funds, leading to a serious fund shortage. Also, irrational structure and poor enterprise quality have caused fund utilization efficiency to slide with each passing year. Funds used as loans for turning out every 100 yuan of the province's total output value of goods and services totaled 59.24 yuan in 1988, rising to 78.58 yuan in 1993. If this situation continues, our supply of funds will not be able to satisfy the need for rapid economic growth. Several years of substantial development evidently has diminished the room for quantitative expansion. Without solving the problems of quality and efficiency, our province can hardly sustain its rapid economic growth because of the twin problems of marketing and cash input. We should promptly change our growth model in light of the situation. In a broader context, the state is tightening and improving macroeconomic regulation and control. On the one hand, it is scaling back the production of oversupplied goods and the construction of redundant projects with a view to keeping the balance between supply and demand. On the other hand, it is increasing the production of undersupplied goods and expediting the construction of basic industries and industries using new and high technology with the aim of optimizing the industrial structure and improving efficiency. This has opened up broad avenues for pursuing development based on quality and efficiency. Only by vigorously improving quality and efficiency can we better adjust to the state's macroeconomic regulation and control, avert drastic fluctuations in economic development, and win new opportunities for development.

2. The shift toward quality and efficiency is an objective requirement for moving into a new stage of industrialization. It should be noted that our province has made considerable headway in industrialization. This year, the province's per capita output value of goods and services may reach some 2,500 yuan, and the industrial sector may account for 45 percent of the total output value of goods and services. Judging by these figures, the province has entered the intermediate stage of industrialization, during which a sound foundation for faster development has been laid, and a change of the growth model

has become inevitable. Low income generated subsistence-level demand during the early stage of industrialization, the main concern of which was the supply of more goods. Industrial development was mainly achieved through primary resource processing, leading inevitably to quantitative economic growth. Income growth after the province moved into the intermediate stage of industrialization, however, generated demand that reflected a fairly comfortable living standard, with the quest for product quality and grades becoming the main trend. The focus of industrial development shifted to secondary resource processing, the chain of industrial stages grew rapidly, and the industrial structure began moving toward higher standards. The status of resources in industrial development was downgraded while that of technology was sharply elevated. The achievement of an optimum scale and standard became the key to sustained economic development. Some localities, which were quick to sense the changing situation, geared their production to market demand, actively restructured their production through technological progress, and developed a large number of technologically sophisticated, high-value-added, high-quality, and high-end products, such as Meiling-brand refrigerators, Yangzi-brand electrical appliances, Rongshida-brand washing machines, and Shenlu-brand medicines. They nurtured new economic growth sectors and gained a head start. Some localities moved slowly in this respect, however. They continued to develop their industries mainly through the processing of raw materials using low technology, and made sluggish progress in upgrading and replacing their products. Consequently, they ran into difficulties in some respects. We should earnestly sum up our experiences in this regard; gain a clear understanding of the new situation during the new stage of industrialization; correctly handle the relationship between resources, technology, and markets; discard the traditional notion of developing a "resource-oriented economy" in favor of the new concept of focusing on technological progress; take a strategic view of issues concerning economies of scale and industrial upgrading; attach great importance to upgrading enterprises technologically; and expedite the pace of shifting to economic quality and efficiency. To be sure, our province still faces the rather heavy task of channeling its rural labor to other sectors. We should take reality into account, adopt more labor-intensive technologies in village and town enterprises, and vigorously develop tertiary industry that absorbs substantial labor. While advancing technological progress, we should further expedite the pace of directing rural labor to other sectors.

3. The shift toward economic quality and efficiency is the inevitable choice in developing the socialist market economy. Changes in the economic growth model and the economic structure are closely related and mutually complementary. In the planned economy, everybody ate from the "same big pot" of the state and lacked incentive for improving quality and efficiency. This inevitably led

to the practice of developing the economy with minimum input of capital and labor. The shift to the market economy, however, gave rise to a different situation. Enterprises are beginning to assume responsibility for their own profits and losses, and they will find it hard to survive and develop if they do not improve their efficiency. Markets for various products have basically been deregulated, making it hard to sell high-cost and low-quality commodities. In particular, as the country is accelerating its drive for "GATT accession" and is likely to join the World Trade Organization in the near future, the domestic market will link up with the international market, causing competition to heat up and setting stricter demands concerning enterprise quality. The monetary market is taking shape, with banks moving toward commercialization. Low revenues and savings will depress the total amount of loans, making it harder to obtain loans for inefficient enterprises and projects with poor returns. The fiscal and taxation systems have shifted to the "revenue-sharing system." A region that cannot improve its economic efficiency and increase its tax revenue will not be able to carry out its work; its economic and social services will suffer, and so will its government's authority. Obviously, we should gain a clear understanding of the new situation, adapt to the new environment, effect a new shift, and refocus our economic work on optimizing the industrial structure, promoting the technological progress, and improving efficiency. Enterprises should regard profit as their central concern and carefully arrange their production and projects. The provincial, prefectural (city), and county governments, in particular, should shift their attention from output value to efficiency, especially toward the buildup of financial sources.

4. The shift toward economic quality and efficiency is an effective means for narrowing the gap with advanced provinces and municipalities. Our province suffers from poor efficiency and low income, is poor at accumulating funds, and makes little investment. In 1993, its investment rate was merely 30.8 percent, 7 percentage points lower than the average national rate. Investment in capital construction and technological transformation increased by 43.2 percent and 44.2 percent, respectively, which was 9 percentage points and 6 percentage points lower than the national figures. Of course, this has affected the capacity for future economic development and long-term stable economic growth. Therefore, if we take the road of quantitative increase for our economy, we will have to increase production by relying mainly on input. This method will surely lead us to the malignant cycle of "low efficiency-low income and accumulation-low input-low efficiency," and our gap with the coastal areas and other advanced provinces and cities will only widen instead of shrinking. However, the method for developing the economy through quality and efficiency is to increase the total economic strength by mainly relying on technological progress. In this way, it is possible to make use of our advantages and accelerate

development. This is because the areas with less developed industry may learn from the experiences of advanced areas in the fields of technology, management, and organizational systems, determine a higher starting point, overstep the phase of technological development, and rapidly catch up with advanced areas. There are many examples in this respect at home and abroad. In the central region of our province, technological strength is relatively strong and there are many qualified personnel. Therefore, it should do more to take advantage of this aspect. Anhui should do everything possible to increase input, including the raising of domestic funds through reform and opening wider to the outside world to attract foreign investments, but it should not take the road of going all out to compete in investment and consumption. It should strive to accelerate its technological progress and gain a better position in competition so as to narrow its gap with advanced provinces and cities.

The provincial party committee and the provincial government have always attached importance to quality and efficiency. At the beginning of this year, we set a demand that called for "better quality than last year and better efficiency than last year." This year, efforts have been made to tackle the financial and taxation issues and to help enterprises reverse losses into profits. The purpose was to implement the central authorities' reform measures and to solve the issue of efficiency, so that enterprises and financial departments could free themselves from difficulties and bring about a virtuous cycle. Now, we have called for efforts to stress economic development through quality and efficiency. This shows that the provincial party committee and the provincial government have a clearer picture of this issue and are more determined to attend to it.

Transforming a quantitative increase-oriented economy into a quality- and efficiency-oriented one is a difficult task. To realize this change, we have to study many complex issues. Under present circumstances, we should grasp the following points: First, it is necessary to increase understanding. Leaders at all levels in the province, especially leading cadres at all levels, should deepen their understanding of the importance and urgency of shifting to a quality- and efficiency-oriented economy and should effectively change the tendencies in some areas of stressing growth speed to the neglect of efficiency, stressing input while neglecting output, stressing capital construction while neglecting technical transformation, and stressing quantity while neglecting quality. Through studies and practice, leading cadres should enhance their knowledge and ability in organizing a quality-oriented economy. Second, it is necessary to make breakthroughs in reform. We should deepen reform in property rights, accelerate the transformation of enterprises' operating mechanisms, and create a microfoundation for improving the quality of economic operations. On the basis of stabilizing and improving the system of contracted household responsibility with remuneration linked to output, we should actively carry out reform of the land-use system and

improve the social service system to promote all-around economic development in the countryside in rural areas. We should also deepen reform in the fields of banking, financial and taxation affairs, and investment to create a better macroenvironment for develop a quality- and efficiency-oriented economy. Third, it is necessary to direct attention to key areas in shifting to a quality- and efficiency- oriented economy. We should improve the investment structure, raise funds to organize existing enterprises to carry out technical transformation in stages, and build a number of projects stressing high technology, high foreign exchange earnings, and high efficiency. We should step up adjustment of the structure of assets inventory, the structure of enterprise organization, and the product mix; form enterprise groups through merging or association; and spread the sale of good-quality products on a large scale to occupy a greater share of the market. We should step up adjustment of the structure of agriculture and speed up the process of developing a type of farming that provides high yields and stresses fine quality and maximum efficiency, and increase land productivity and labor productivity. We should continue to resolutely develop village and town enterprises and maintain the momentum of sustained and rapid development on the basis of heightening quality and efficiency. At the same time, we should attach importance to foreign trade and strive to develop it to a new level. We should enhance the quality of economic operations in the province by developing foreign trade and taking part in international competition. Fourth, it is necessary to attach importance to the training and appointment of talents and to the development of science, technology, and education, for this is a long-term strategy for developing a quality- and efficiency-oriented economy.

Anhui's Vice Governor Evaluates Price Controls

OW3112002194 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 15 Dec 94

[By station reporter Wang Li; from the "Provincial Hookup" program]

[FBIS Translated Text] The provincial government held a provincial teleconference on commodity price control yesterday. Vice Governor Zhang Runxia urged governments and departments at all levels to make good use of the last half month of this year, to make efforts to ensure market supply during the New Year, and to accomplish this year's target of commodity price control to lay a sound foundation for next year's provincial economic affairs and social development.

In her speech, Zhang Runxia said: The rapid rise of commodity prices has been temporarily controlled. The commodity price index has dropped month after month. In November, the rate of increase in provincial commodity prices dropped to 26 percent, the lowest this year. We expect to see an even lower rate of increase in December. Anhui's lowered commodity price increase

rates will probably enable Anhui to step down from the list of the top five provinces where commodity price increase rates are the highest in China.

Zhang Runxia set specific demands for the next step of commodity price control. She pointed out: Governments at all levels must continue to regard commodity price control as a major economic task, carry out the system of responsibility shared by mayors, commissioners, and county magistrates in achieving commodity price control goals, and strictly put the growth of consumer capital under control to lessen inflation pressure. At present, we must strictly forbid wanton spending by administrative departments at the end of the year. At the same time, we must strengthen cash management and strictly compute interest. We must increase market supply and enhance price control for major commodities such as grain, edible oil, meat, and vegetables; continue to set price ceilings on various commodities; control price differences; and attach importance to finding sources of goods to increase market supply. We must increase the supply of goods to ensure market supply during the New Year and guarantee an adequate supply of daily necessities for people. Before the New Year, we must work hard to straighten up market order.

Fujian Secretary Addresses Economic Work Meeting

HK0301083595 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 25 Dec 94

[FBIS Translated Excerpt] The provincial party committee and government held a provincial economic work meeting in Fuzhou yesterday to relay the instructions of the central economic work meeting, sum up Fujian's experience in reform and development over the past year, analyze the situation, reach unanimity of understanding, and discuss and arrange next year's economic work. At the meeting, Jia Qinglin, secretary of the provincial party committee, made a report entitled "Comprehensively Implementing the Instructions of the Central Economic Work Meeting and Fulfilling Next Year's Economic Work in a Down-to-Earth Manner." Chen Mingyi, deputy secretary of the provincial party committee and governor, presided over the meeting. [passage omitted]

In his report, Jia Qinglin set the following general requirements for next year's economic work in light of Fujian's specific conditions: Upholding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; conscientiously implementing the instructions of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee and the central economic work meeting; focusing on the party's and country's central task; adhering to General Secretary Jiang Zemin's requirement of creating new strong points and moving a step higher; correctly handling the relations between reform, development, and stability; expediting the establishment of the socialist market economic structure; widening the scope of

opening up; improving the newly growing economic areas; and comprehensively fulfilling the Eighth Five-Year Plan.

To maintain a good trend in next year's reform and development, Jia Qinglin stressed the need to make a success of the eight following jobs:

1. Resolutely curbing inflation. All levels of leaders and departments must reach unanimity of understanding and action in curbing inflation and taking this as a fixed political task. Attention must be paid to increasing the supply of essential products and to controlling the excessive growth of social demand. Management, supervision, and control over commodity prices must be strengthened. All price increases next year must be approved by the provincial government. [passage omitted]

2. Strengthening agriculture as the foundation of the national economy. Jia Qinglin stressed: Party and government top leaders must take personal charge of agricultural work; the system of assuming responsibility for the fulfillment of agricultural and rural tasks must be adhered to; executive leaders must be responsible for the fulfillment of the shopping basket and rice bag projects; and all responsibility contracts signed between the provincial and county governments for the fulfillment of grain production must be fulfilled. [passage omitted]

3. Deepening economic structural reform with a focus on state-owned enterprises. Jia Qinglin said: Next year state-owned enterprise reform must be aimed at trial-implementing a modern enterprise system, at developing superior industries and enterprises, and at transforming and improving enterprises. [passage omitted]

4. Developing opening up toward a higher level, wider, and deeper. Jia Qinglin pointed out: We must further implement the central policy of providing equal priority and certain preference for economic and trade relations with Taiwan; expand economic and trade cooperation with Taiwan; invigorate trade with Taiwan; and make a success of Taiwan investment zones.

5. Improving the quality of the national economy. Jia Qinglin pointed out: For now and a certain period to come, we must focus on developing the petrochemical, electronics, machine building, and building materials industries, biological engineering, and tourism so that they will become Fujian's pillar industries. [passage omitted]

6. Expediting basic facilities construction. Jia Qinglin said: Next year basic facilities construction will focus on key projects, including the Changle International Airport, the Fuzhou-Xiamen Expressway, the Hengnan Railway, the Zhangqianxiao Railway, the Xiamen Songyu thermal power station, and the Shuikou hydropower station.

7. Improving and strengthening macroeconomic regulation and control. Jia Qinglin demanded the proper

exhibition of the province's role in regulating and controlling the economy in the course of ensuring the implementation of the central macroeconomic regulation and control rights and the fulfillment of national macroeconomic regulation and control targets. [passage omitted]

8. Speeding up the development of all social undertakings. Jia Qinglin said: Education must focus on improving human quality. Hi-tech industries must be developed. More science and technology must be applied to invigorating the economy. Environmental protection must be strengthened. Soil erosion must be curbed. [passage omitted] Population growth must be strictly controlled. Family planning must receive full attention so that the province's family planning work ranks in the country's forefront.

Jia Qinglin stressed: While paying attention to economic work, there is a need to strengthen and improve party leadership, to improve party committees' economic management ability, and to organize party-member cadres in studying Comrade Deng Xiaoping's theories. All levels of leaders and departments must follow the provincial party committee and government's arrangements in implementing all tasks. It is necessary to advocate and carry forward the fine tradition of hard struggle and to work hard for preserving social stability. All levels of party committees must show concern for the masses' difficulties and suffering. [passage omitted]

In conclusion, Jia Qinglin stressed the need to strengthen socialist spiritual civilization, to implement the central program on patriotism education, to create civilized cities and civilized units, to extensively introduce the double-support activity, to carry out local legislation, particularly economic legislation, to cultivate a clean party style, and to scale a new height in economic and other work.

Fujian Secretary, Governor Meet National Youth Leaders

HK0301115695 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 26 Dec 94

[FBIS Translated Text] The fifth enlarged session of the Seventh Executive Committee of the All-China Youth Federation concluded in Fuzhou on 26 December. The meeting adopted a decision on the convention of the eighth national congress of the youth federation, worked out the scheme for organizing the eighth executive committee, and approved the admission of five youth organizations, including the Association of Chinese Young Volunteers, as member organizations of the federation.

At the meeting, Liu Peng, president of the National Youth Federation, called on all member organizations to mobilize young people of all nationalities to hold high the banner of patriotism and socialism and take part in the great cause of reform, opening, and modernization by showing their new style. Li Keqiang, first secretary of

the Central Secretariat of the Communist Youth League [CYL] of China, also gave a speech at the meeting. He said: The National Youth Federation is an organization of outstanding young people. This year, it should attract and discover a larger number of excellent young people to make joint efforts to promote the development of undertakings in all fields.

During the meeting, Fujian provincial leaders Jia Qinglin, Chen Mingyi, Lin Kaiqin, He Shaohuan, [words indistinct] held a discussion meeting with leaders of the National Youth Federation and the CYL central secretariat.

Fujian Courts Sentence Offenders to Death

HK0301030695 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 29 Dec 94

[FBIS Translated Text] In order to deter criminal offenders and mainland law and order during the coming festival period, the higher people's court of this province separately held public sessions in Quanzhou, Xiamen, Zhangzhou, Ningde, Nanping, and Sanming between 27 and 29 December to announce sentence on 89 criminals involved in 37 serious criminal cases. A number of criminals who seriously harmed public security and public order were executed.

Yang Ke abducted a seven-year child and extorted 150,000 yuan from her parents in mid-June 1993. A court sentenced Yang Ke to death and deprived him of his political rights for life in the first trial. The provincial higher court ratified the death sentence, and the convict was executed on 29 December.

Huang Xingguo, Hu Xinpei, and their accomplice, Dong Cunwen, who all come from Sichuan, kidnapped a child and extorted the parents in April 1994. When the parents notified the police, they cruelly killed the hostage. On 28 August, Huang Xingguo, who was under detention, tried to escape together with other prisoners. He was arrested again on 10 September. The provincial higher court decided to uphold the death sentences on Huang Xingguo and Hu Xinpei, and it sentenced Dong Cunwen to 15 years' imprisonment.

Ke Zunxiang, together with three accomplices, kidnapped the director of a farm in Shishi County on the evening of 6 January 1993 and extorted 80,000 yuan from their hostage. They also robbed the victim of valuable personal belongings worth 6,520 yuan. The provincial higher court sentenced Ke to death for the crime of kidnapping and extortion and deprived him of his political rights for life. His accomplices were sentenced to death with two years' reprieve, life imprisonment, and eight year's imprisonment respectively.

Fujian Takes Measures To Prevent State Assets' Loss

HK0201150895 Beijing ZHONGGUO XINWEN SHE in English 1401 GMT 19 Dec 94

[FBIS Transcribed Text] Fuzhou, December 19 (CNS)—Fujian Province, where various ownerships co-exist, and

exchange of enterprises' rights to property is active, is now putting emphasis on prevention of loss of state-owned assets. It plans to set up a number of assets administrative companies in the next year so as to form the first market for exchange of the rights to property, and to train a group of professionals engaging in evaluating assets.

The Province has seen a serious loss of state-owned assets in recent years. According to the Provincial State-owned Assets Administrative Bureau, based on a sample survey conducted among 270 entities in 1993, state-owned assets valued at a total amount of RMB [Renminbi] 169 million were found to have been lost in various ways and due to various reasons.

The Province has approved and set up 47 organizations for evaluation of assets, employing 687 staff in charge of the work. They have to date assessed assets of 828 state-owned enterprises valued at RMB 25.3 billion and of which, net value of these assets worths over RMB 18 billion. [sentence as received]

Under the direct administration of the state, enterprises cannot make management decisions on their own, leading to loss of state-owned assets due to misconduct and blind investment. In order to end this situation, Fujian plans to establish a batch of administrative companies based on the three current management companies for state-owned assets, exercising power of shareholders on supervision and management of the state-control, state-holding of shares or wholly state-owned enterprises, holding limited liabilities.

These administrative companies will include some investment companies, enterprise groups of good performance as well as operation companies set up by state-owned administrations.

In addition, the exchange market for rights of property will be established in 1995. The business will be under supervision and control of relevant departments, thus preventing the phenomenon of sales of state-owned assets at low price, on credit, or state-owned assets being converted into shares at low-price resulting from under-rating assets in converting state-owned enterprises to Sino-foreign joint ventures and other forms of enterprises.

The Province also plans to draw up a base price for the state-owned land in the next year so as to create conditions for strengthening administration on state-owned land resources.

Jiangxi's Wu Speaks at Organizational Work Conference

HK0301061795 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 23 Dec 94

[FBIS Translated Excerpt] On 23 December, at the provincial organizational work conference, Wu Guan-zheng, deputy secretary of the provincial party committee and governor of the province, gave an important

speech and pointed out: It is necessary to conscientiously carry out the decision made by the fourth plenum of the Central Committee and the spirit of the national organizational work conference. At present and for some time to come, two strategic tasks should be fulfilled in the aspect of building the contingent of cadres. First, fully enhancing the quality of the leading cadres and effectively building the leading bodies at all levels well. Second, making greater effort to select and train young cadres in order to make a major breakthrough in the work of preparing a large number of leading cadres for the next century.

The meeting was presided over by Lu Xiuzhen, deputy secretary of the provincial party committee, Mao Zhiyong, secretary of the provincial party committee, and Shu Huiguo, standing committee member of the provincial party committee and director of the Organization Department, attended the meeting.

At the meeting, Comrade Mao Zhiyong stressed: This is a meeting of great importance, as the important speeches of the central leaders and the spirit of the central organizational work conference are relayed here. Comrade Guanzheng's speech today and Comrade Xiuzhen's report yesterday were both very good and relevant to the reality in this province. It is hoped that you comrades will all conscientiously study, understand, and implement these things well after returning to your work posts. We should do a better job in the area of enhancing the quality of the leading bodies and selecting and training a large number of young cadres on the basis of the existing results.

In his speech, Wu Guanzheng stressed the need to make greater efforts to select and train more young cadres. Over the next few years, it is necessary to prepare a large number of younger cadres for the next century, and a major breakthrough must be made in this regard. First, there must be a clear objective. Party committees at all levels should seriously work out their plans and measures according to the actual conditions of their localities and departments. Responsibilities should be explicitly assigned to the relevant leaders and organs. There should be explicit standards for the age structure of the leading bodies at various levels, the proportion of young cadres in the leading bodies, and the number of reserve cadres for various leading posts.

Second, people's minds should be further emancipated, and their ideas should be updated. Outstanding young cadres should be promoted boldly and a positive attitude should be taken toward this task. Party committees at all levels and their principal leaders should have foresight, should be as broad-minded as the revolutionaries of the older generation, and should show a strong sense of responsibility for the destiny of the party and the state. Furthermore, they should get rid of the outmoded idea about promoting cadres merely according to their seniority and adopt the new idea of promoting able and competent individuals to leading posts without regard

for their seniority, especially younger cadres who have made outstanding achievements in their work in the course of reform and opening and who enjoy high prestige among the masses. [passage omitted]

Meeting Held on Shandong Rectifying Newspapers

SK3012131194 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 29 Dec 94

[FBIS Translated Text] The provincial working conference on rectifying newspapers and periodicals within the province was held in Jinan on 29 December. Han Xikai, deputy secretary of the provincial party committee, and Dong Fengji, standing committee member of the provincial party committee and director of the propaganda department of the provincial party committee, attended and addressed the conference.

The conference demanded: Departments directly under the provincial authorities and propaganda departments of various city and prefectural party committees, and various press and publications bureaus should launch an all-round examination, clean-up, and consolidation of the situation in propaganda, publication, distribution, operation, and internal management of newspapers and periodicals over the past several years. Industrial and commercial administrative departments at all levels should launch a thorough clean-up of the advertisement licenses, the temporary advertisement licenses, and other business licenses, that had already been approved and issued to newspapers and periodicals within the province; and all these licenses should be withdrawn and canceled by the end of December this year. Postal and telecommunications departments at all levels should launch a thorough clean-up of the situation in receiving the postal delivery of such newspapers and periodicals, in retailing such newspapers and periodicals, in printing and producing the catalogues of such newspapers and periodicals, and in soliciting advertisement for such newspapers and periodicals. Beginning 1 January next year, newspapers and periodicals within the province should be sold and delivered by agencies, rather than being delivered by mail. The provincial press and publications bureau should launch an all-round examination of the propaganda contents of newspapers and periodicals within the province, the conditions for operating such newspapers and periodicals, and the situation in executing rules and regulations, together with the annual examination of newspapers and periodicals. The newspapers and periodicals without proper conditions, that have been operated in violation of stipulations and propaganda discipline, and that have been poor in quality and have often made a blunder, should have their registration qualifications canceled resolutely and should be prevented from being published.

The conference stressed: Press and publications administrative departments should be strict in examination and approval, in management, and in law execution. From now to the foreseeable future, efforts should be

concentrated on running existing newspapers and periodicals well, and no new newspapers and periodicals will be approved. From now on, cities and prefectures will have no powers to examine and approve any newspaper or periodical. All newspapers and periodicals that were approved and operated beyond proper authorities will not be admitted. Beginning 1 January 1995, all newspapers and periodicals within the province should be operated according to the principle concerning management of newspapers and periodicals and in line with the demands of the circular issued by general offices of the provincial party committee and the government. All such newspapers and periodicals should be prevented from printing advertisements, from engaging in and participating in any business activity, from being delivered by mail, from being retailed by post offices, from printing catalogues and soliciting advertisement through post offices, from being delivered to the places other than the province, from organizing public social activities, and from propagating themselves on radio, television, and formal publications. Violators will be strictly dealt with according to laws.

Shanghai's Foreign Economic Relations 'Soaring'

*OW0101114795 Beijing XINHUA in English 1127
GMT 1 Jan 95*

[FBIS Transcribed Text] Shanghai, January 1 (XINHUA)—The foreign economic relations and trade of this China's largest economic center with other countries and regions had been soaring last year.

According to Wang Zukang, Director of the Shanghai Municipal Commission of Foreign Economic Relations and Trade, Shanghai's foreign trade has gone up rapidly in the past three years since 1992.

Last year saw the municipality export more than nine billion U.S. dollars worth of goods, up 22 percent over last year; and absorb more than 10 billion U.S. dollars of foreign capital, equal to the total of the previous two years.

Between 1992 and 1994, Shanghai actually used 460 million U.S. dollars loaned by foreign governments and 33.04 million U.S. dollars in foreign aid.

The city has 26 organizations engaged in foreign economic and technical cooperation, up from one in 1991.

By the end of November last year, the city had obtained 138.58 million U.S. dollars from contracting overseas projects, 53.36 million U.S. dollars from labor service, and 10.43 million U.S. dollars from design and consulting services.

Wang noted that the the establishment of New Pudong Area has helped boost Shanghai's economy.

According to statistics, Pudong exported 1.6 billion U.S. dollars worth of goods in the first 11 months of last year, up 116 percent from the same period of the previous

year, and approved 2,581 foreign-funded projects involving a total foreign investment of 5.74 billion U.S. dollars.

To promote foreign trade, the city has sponsored 115 trade fairs and exhibitions over the past three years, and approved the establishment of 90 foreign trade service organizations and 2,328 foreign agencies here.

Shanghai Finance Director Says Revenue Increases

*OW0101150095 Beijing XINHUA in English 1436
GMT 1 Jan 95*

[FBIS Transcribed Text] Shanghai, January 1 (XINHUA)—China's largest economic center Shanghai recorded a revenue of 37.25 billion yuan in 1994, up 40.6 percent over the previous year, Zhou Youdao, Director of Shanghai Municipal Bureau of Finance, announced here today.

According to the new tax assignment system based on a rational division of power between central and local authorities, the city's local revenue amounted to 17.53 billion yuan in 1994, overfulfilling the budgetary plan.

Shanghai has timely fulfilled the quota set by the central government, and turned over sufficient taxes to it, the director said.

Zhou attributed the good result to the reform of taxation system over the past year, which aroused the initiative of localities, to the improvement of economic efficiency and to the adjustment of economic structure.

Shanghai's Efforts on Intellectual Property Rights

*OW0201153095 Beijing XINHUA in English 1513
GMT 2 Jan 95*

[FBIS Transcribed Text] Shanghai, January 2 (XINHUA)—A publisher here may call at any time when his publications are pirated as a network has been in operation to protect domestic and overseas intellectual property rights in the largest manufacturing center in China.

Two intellectual property right courts were set up in February, 1994. One of them handled 82 cases, in which Polygram, Warner and other foreign music products manufacturers accused a Taiwan business of violating copy rights.

Last September, Shanghai established a joint panel system on intellectual property rights, which is presided over by Vice-Mayor Xu Kuangdi and attended by officials from departments concerned.

While hot lines are in round-the-clock services in this regard, three institutes evaluating intellectual property rights and 32 patent agencies and trade mark management organizations have been set up.

By the end of 1993, law-enforcement departments here received 1,241 cases concerning technological contracts,

trade marks, patents and copy rights, of which 1,135 have been solved. The Patent Bureau alone settled 55 disputes at the same time.

In the first half of 1994, Shanghai treated 65 cases concerning trade marks, destroying 1.72 million sets of faked trade marks and imposing fines of 590,000 yuan.

Regulations were worked out in 1993 to guide the market of audio and video products, signaling that Shanghai formally resorted to laws in handling the bustling market.

In 1994, hundreds of shops were closed for selling illegal audio and video products, while copied books worth 1.1 million yuan were sealed up.

The Copy Right Law has been observed by all the major publishing houses in acquiring legal translating, publishing and quoting rights from foreign counterparts.

Among them is Shanghai Translation Publishing House, China's first publishing house to win the copy right of the *Scarlett*, the sequel to Margaret Mitchell's *Gone with the Wind*.

The publishing house bought the rights to market 72 foreign books in China including the sequel to *Rebecca* by Daphne du Maurier, the sequel to *Pride and Prejudice* by Jane Austen, the *Jurassic Park* and the *Biography* of Mrs. Clinton, among other American bestsellers in 1994.

China's first intellectual property rights college, under the Shanghai University, is to be set up, aiming at cultivating personnel specializing in protecting and managing intellectual property rights for the next century.

Paper Interviews New Shanghai Vice Mayor Hua Jianmin

OW3012141594 Shanghai JIEFANG RIBAO in Chinese
9 Dec 94 p 2

["The Burden is Heavy and the Road is Long—An Interview With New Shanghai Vice Mayor Hua Jianmin"; by JIEFANG RIBAO reporter Dong Qiang (5516 1730) at the Shanghai Municipal Planning Commission Office on 8 December]

[FBIS Translated Text] Shanghai has a new vice mayor beginning yesterday [8 December]. He is Hua Jianmin, Shanghai Municipal CPC Committee Standing Committee member, and leading party group secretary and chairman of the municipal planning commission.

The decision for his appointment was made when all 54 standing committee members attending the 14th meeting of the 10th Shanghai Municipal People's Congress Standing Committee voted for his appointment after serious deliberations and a secret ballot.

Last night, our reporter interviewed Vice Mayor Hua Jianmin at the municipal planning commission office.

The office is small and simple. A switched-on computer in a corner of the room catches one's attention when one enters the office. According to Hua Jianmin, the computer can draw colorful charts to show all manner of trajectories depicting Shanghai's economic and social development. These charts are useful to his daily work and reflect Shanghai's modernized image. Three large maps of Shanghai have been pasted onto the office wall. One of them, which has lines and circles drawn on it with color pens, shows us the ongoing or planned major construction projects in Shanghai. Hua Jianmin spent more than 10 hours in all drawing the lines and circles on the map.

Hua Jianmin, who turned 54 years old this year, graduated as a senior engineer from Qinghua University's department of dynamics. After he started working in 1963, he held leading positions in the Shanghai Steam Turbine Factory Research Center and the Shanghai Research Center for Designing Complete Sets of Electrical Generating Equipment. After that, he successively held the posts of office secretary at the CPC Central Committee General Office, general manager of the Shanghai Shen Neng Electric Resource Development Company, and vice chairman of the municipal economic planning commission and concurrently deputy secretary of the commission's leading party group. The challenge and great responsibility facing him as a Shanghai vice mayor and a person who will be responsible for leading part of the municipal government's economic work made it difficult for him to calm down.

How could he justify the great trust placed in him by the people and live up to the party's expectations? Hua Jianmin said: I should be more conscious of my role as a "public servant." When I participate in decision-making, I must always take into consideration whether the masses of people will be happy, satisfied with, and support the decisions, and whether they will gain material benefits from them. I should be keenly aware of the need to be "close to the people"; regularly solicit opinions, including those that express dissatisfaction, and those that make complaints and suggestions, from the masses in all social strata and the grass-roots level; and make intimate friends. Hua Jianmin considers these people the "sources of wisdom."

Hua Jianmin opined: In the future, we should foster greater awareness about the need for leadership, management, and innovation in modernization. That is, we should continue to face the new situation, absorb new knowledge, analyze new issues, and make breakthroughs. He said: In the past three years, with Shanghai's development entering the fast lane, we have accumulated a number of problems. For example, quite a number of civilians who support the municipal administration's relocation program have faced difficulties in their daily life; the municipal people spend innumerable hours and energies on transportation daily due to congested traffic in the city proper; and some state-owned enterprises face difficulties in making every move. We should gradually

rectify relations between different sectors and find sufficient funds to effectively accomplish each task under the leadership of the municipal party committee and government, taking into consideration the overall situation and scientifically examining each matter. Shanghai should take the lead in building an operating mechanism for the socialist market economy, and truly turn itself into "the leader of development in the Chang Jiang valley and an international financial, economic, and trade center." The burden is heavy and the road is long!

Hua Jianmin has a happy family. His wife works at the East China Posts and Telecommunications Bureau, and he has two daughters. He engages in wide-ranging recreational activities, but due to his hectic official business, has to be satisfied with morning exercises on a "gym bicycle," and one or two hours of sentimental or serious classical music before bedtime every night. Of course, he has never given up his love of reading. Hua Jianmin has fairly strong English conversational and reading skills, and has read a number of classics of world economics in recent years. He said: Shanghai must continue to absorb advanced experiences from the world in order to develop!

Zhejiang People's Congress Standing Committee Meets

OW3112032794 Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 17 Dec 94

[By correspondent (Liu Zhengyang); from the "Provincial News Hookup" program]

[FBIS Translated Text] The 15th Meeting of the Eighth Zhejiang Provincial People's Congress [ZPPC] Standing Committee held its second plenary session today. The session heard briefings on three local regulations—the draft revisions of the Zhejiang provincial regulations on the implementation of nine-year compulsory education; the draft Zhejiang provincial regulations on the administration, invitation, and submission of tenders for construction projects; and the draft Zhejiang provincial regulations on the administration of temporary resident population—given by the Zhejiang Provincial Education Commission, the Zhejiang Provincial Bureau of Urban and Rural Construction, and the ZPPC Legislative Affairs Committee, respectively.

The session also heard reports on the results of examinations and discussions of ZPPC deputies' motions separately delivered by Zhou Zhangxue, vice chairman of the ZPPC Financial and Economic Committee; Liu Xin, vice chairman of the ZPPC Education, Science, Culture, and Public Health Committee; and Zhang Lingeng, vice chairman of the ZPPC Nationalities and Overseas Chinese Affairs Committee. Such examinations and discussions were entrusted by the presidium of the Second Session of the Eighth ZPPC. Meanwhile, the session heard a report delivered by Fan Fusheng, vice chairman of the Deputies Work Committee under the ZPPC Standing Committee, on the handling of suggestions,

criticisms, and opinions put forward by delegates to the Second Session of the Eighth ZPPC.

The session also heard proposals or reports on personnel appointments and removals made separately by Vice Governor Xu Zhichun, President Xia Zhonglie of the Zhejiang Provincial Higher People's Court, and Chief Procurator Ge Shengping of the Zhejiang Provincial People's Procuratorate.

Wang Qidong, vice chairman of the ZPPC Standing Committee, chaired the session. ZPPC Standing Committee Vice Chairmen Xu Xinguan, Yang Bin, Kong Xiangyou, Zheng Shu, and Mao Zhaoxi attended the session. Persons in charge of the standing committees of the people's congresses of cities directly under the jurisdiction of the Zhejiang Provincial Government and persons in charge of local work committees were present at the session as observers.

Central-South Region

Guangdong's Shenzhen Expands Stock Market

OW3112182894 Beijing XINHUA in English 1533 GMT 31 Dec 94

[FBIS Transcribed Text] Shenzhen, December 31 (XINHUA)—This year has witnessed the rapid expansion of the Stock Market in Shenzhen, one of China's special economic zone in Guangdong Province.

The annual stock transactional volume has amounted to 239.25 billion yuan this year, an increase of about 90 percent over last year.

Experts here said that Shenzhen Stock Market has played an unique role in promoting the formation of the national market of its kind.

As of today, the stock market has 120 listed enterprises, and it has issued stocks valued at 22 billion yuan, up about 80 percent over last year. Included were 74 enterprises from 22 provinces, municipalities and autonomous regions.

Altogether 1.6 million people have opened accounts on the stock market this year bringing the total number up to five million.

While attracting domestic customers, the stock market has accelerated international business.

The market has organized a delegation to promote the sales of B-shares in Europe and the United States, and set up a B-share information service center in Hong Kong.

According to the experts, although Shenzhen Stock Market has expanded its business scale, its stock marketing value has fallen this year due to the overexpansion of the market and the macro-economic control.

Guangzhou Official: British Presentation 'Vulgar'

HK0301054395 Hong Kong EASTERN EXPRESS in English 3 Jan 95 pp 1

[By Bruce Gilley and Nick Squires]

[FBIS Transcribed Text] Chinese officials have branded as "vulgar and hostile" a British academic's speech on environmental education that was banned from a conference in Guangzhou at the weekend. A British scholar, John Huckle of De Montfort University, Bedford, England, yesterday defended his planned presentation—on the use of television to promote green awareness—and claimed that the conference organisers knew about the contents in advance.

The censoring of Hong Kong and overseas academics at the first International Environmental Education Conference in Guangzhou, which ended on Saturday, could prove an embarrassment to the Hong Kong organiser, Friends of the Earth, which Chinese officials claim consented to the gag orders. Friends of the Earth officials were unavailable for comment yesterday.

The director of the Guangzhou Environmental Protection Office (EPO), Gan Haizhang, who chaired the conference, yesterday attacked the contents of Huckle's paper. "This was not serious, scientific material," Gan said. "He tried to force his political viewpoint on to others."

"My personal view is that it was vulgar and hostile."

The paper, which was torn from conference booklets on the opening day, contained written extracts from nine British video documentaries on China's environment, highlighting political constraints on action by citizens.

Gan said the contents were "relatively sensitive" and would have ruined the atmosphere of fruitful academic exchange that the conference aimed to promote. "We are not afraid of debate," he said. "But if one side forces its ideas on another then it destroys the atmosphere."

The decision to cancel Huckle's presentation was taken by the Guangzhou EPO and Friends of the Earth without pressure from higher authorities, Gan said.

Huckle admitted yesterday that his paper, which encourages students to challenge the views of governments and state media on the environment, focused on politically sensitive issues. "It was obviously going to be challenging to the Chinese authorities," he said. "It was fairly critical of the Chinese environmental record recently."

"The notion that we should teach young people to watch the media in a critical way and that we should explore the representation of (environmental) issues in terms of who controls it was something they didn't like."

"My perspective on environmental education is critical and the Chinese are not used to that. They are thinking in terms of environmental science and propaganda."

Huckle said he was three months late in submitting his paper for approval by the EPO in September and said the delay was used as an excuse for the ban. Huckle, a committed socialist, said: "They knew who they were inviting (to the conference) when they asked me. I kept them informed of what I was preparing."

He said he had little choice but to accept the organisers' decision. "I didn't want to embarrass them in any way. Outside the conference, I found teachers and government officials refreshingly honest."

"They recognised that they have major problems to solve."

NPC Standing Committee Vice Chairman Inspects Hainan

HK0201150495 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 19 Dec 94

[FBIS Translated Text] Li Peiyao, vice chairman of the National People's Congress Standing Committee, inspected Hainan from 9 to 18 December. Li Peiyao and his entourage inspected Haikou, Wenchang, Qionghai, Wanning, Lingshui, Sanya, Ledong, Dongfang, as well as the Chengzhou and Yangpu development zones. They went to factories, rural areas, and seawater fish farms, where they carefully listened to local leaders' reports on their work and asked about relevant issues in detail.

While in Hainan, Li Peiyao expressed his satisfaction at Hainan's achievements in the last few years and said that Hainan had registered fast economic development and reached a certain scale of economic development. During his inspection, Li Peiyao listened to a report by the provincial maritime bureau chief on the development and exploitation of maritime resources in Hainan. He inspected the Chengzhou Strait, East and West Sanya islands, seawater fish farms in Qionghai and Wanning, and the Yingde salt works.

Li Peiyao pointed out: Hainan is the country's largest maritime province and should fully exploit its maritime resources and turn its maritime superiority into economic superiority. Wherever he went, he asked about the implementation of policies, saying: Hainan is the country's largest special economic zone and enjoys many policies which other parts of the country do not. It should properly, flexibly, and fully apply these preferential policies. In this way, it will be able to achieve the fastest possible results from a low base.

During his inspection of Hainan, Li Peiyao particularly stressed the need for the province to develop tourism, saying: It is correct that the provincial party committee and government have taken tourism as a leading factor in economic development. Hainan should fully utilize its natural conditions to speed up its construction. Apart from becoming a holiday resort, Hainan should also become a shopping paradise. While inspecting the Yangpu development zone, Li Peiyao stressed that

because Yangpu is being developed with foreign investment, everything here must follow international practice.

While in Hainan, Li Peiyao also met and exchanged views with Ruan Chongwu, secretary of the provincial party committee and governor, and Du Qinglin, deputy secretary of the provincial party committee and chairman of the provincial people's congress. Chen Yuyi, deputy secretary of the provincial party committee and secretary of the Haikou City CPC Committee; Zhong Wen, member of the provincial party committee's standing committee and secretary of the Sanya City CPC Committee; as well as Pan Qiongxiang and Yang Wengui, vice chairmen of the provincial people's congress, reported to Li Peiyao on relevant matters.

Hainan Secretary Views Party Building, Economic Work

HK0301072095 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 19 Dec 94

[FBIS Translated Excerpt] The Third Plenary Session of the Second Hainan Provincial CPC Committee was held in Haikou yesterday to conscientiously study and implement the instructions of the Fourth Plenary Session of the 14th CPC Central Committee, to discuss measures for strengthening party building in Hainan, to sum up experience, to unify understanding, to deepen reform and widen the scope of opening up, and to promote Hainan's work to new heights in all fields. Provincial party committee leaders Ruan Chongwu [provincial party secretary and governor], Du Qinglin, Wang Xiaofeng, Chen Yuyi, Xiao Yuchu, Wang Houhong, Dong Fangxuan, Liu Xuebin, Cai Chongsong, Wang Xueping, and Zhong Wen attended the meeting. [passage omitted on names of other participants]

Du Qinglin, deputy secretary of the provincial party committee, presided over the meeting. Ruan Chongwu, secretary of the provincial party committee, gave an important report entitled "Strengthening Party Building and Promoting Scientific and Technological Development."

In his report, Ruan Chongwu analyzed Hainan's economic situation, saying that since the beginning of this year, we have comprehensively implemented all the major reform decisions of the central authorities; conscientiously implemented all measures for strengthening macroeconomic control and regulation; deepened reform, widened the scope of opening up, and expedited our development in the light of Hainan's specific conditions, and achieved marked results in economic construction and social undertakings. Annual GDP growth is estimated at 15.2 percent over the last year, higher than the national average. The annual gross agricultural output value is estimated at 9.814 billion yuan, an increase of 10.8 percent. The annual gross industrial output value is estimated at 12 billion yuan, an increase of 16.1 percent over last year. Investments in fixed assets

have continued to grow and the investment structure has improved. Investments in fixed assets are estimated at 22 billion yuan, an increase of 30.3 percent over last year. These achievements suggest that Hainan's economic development is normal, healthy, and rapid.

Ruan Chongwu expressed his ideas on implementing the decision of the Fourth Plenary Session of the 14th CPC Central Committee in the following 10 aspects: 1) the new situation and new task facing the Hainan Special Economic Zone in party building; 2) strengthening the party's ideological and theoretical buildup and using Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to arm all party members' minds and guide the special economic zone's reform and opening up; 3) upholding and perfecting democratic centralism, carrying forward inner-party democracy, and ensuring the smooth implementation of the Central Committee's orders; 4) improving grass-roots rural party organizations and building party branches into a core leading the peasants toward moderate prosperity; 5) strengthening party organizations in enterprises and institutions; 6) strengthening the contingent of party's cadres and expediting the training and selection of leading cadres who have both political integrity and ability; 7) improving party style and combating corruption profoundly and persistently; 8) strengthening the party's ideological education and promoting the special economic zone's spiritual civilization; 9) strengthening the democratic and legal system and fully mobilizing all positive factors to serve the special economic zone's development and construction; and 10) strengthening party leadership over judicial work, carrying out a severe crackdown on crime, and making a success of the comprehensive management of social order. [passage omitted]

Hubei Secretary Attends International Trade Lecture

HK0301032695 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 21 Dec 94

[FBIS Translated Text] On 20 December, the central study group of the provincial party committee standing committee held a special study meeting to study legal knowledge concerning international trade and economic activities. Jia Zhijie, secretary of the provincial party committee; Qian Yunlu and Yang Yongliang, deputy secretaries of the provincial party committee; Ding Fengying, Li Daqiang, Wang Zhongnong, Liu Guoyu, Wang Shengtie, and Deng Guozheng, standing committee members of the provincial party committee; Chen Shuiwen, Su Xiaoyun, and Zhang Hongxiang, vice governors of the province; and responsible comrades of the relevant departments of the provincial party committee and the provincial government listened attentively to the law lecture given by Professor Huang Jun of Wuhan University on the legal aspects of international economic and trade activities in connection with China's reform and opening.

Before the lecture began, Secretary Jia Zhijie gave a speech. He said that the party central leading body recently held a lecture meeting on legal knowledge, and General Secretary Jiang Zemin and other party central leaders personally attended the lecture. They have set a good example for the whole party. The Fourth Plenary Session of the 14th CPC Central Committee required party and government leading cadres at and above the county level to conscientiously study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and increase their knowledge of the market economy, the relevant legal system, and modern science and technology. Building a perfect legal system at home is an essential requirement in the building of socialism with Chinese characteristics. Managing all undertakings and institutions in accordance with the law is also a requirement set forth by the PRC's constitution and the CPC Constitution. In the course of building the socialist market economic structure, leading cadres at all levels must make greater efforts in legal studies and strive to enhance their ability to manage the economy and manage public affairs by legal means. Members of the provincial party committee standing committee should take this study meeting as a beginning and should set a good example in the aspect of studying and applying the law.

Professor Huang Jun, who gave the lecture to the central study group of the provincial party committee, is a member of the Chinese Committee for International Economic and Trade Arbitration and a member of the Chinese Society for the Study of International Law. In the lecture he talked about five main points: The appearance and development of a legal system for international economic activities and trade, the necessity of understanding the international legal system for trade and economic affairs in the course of China's reform and opening, the relationship between China's reform and opening and the GATT and the soon to be founded World Trade Organization, the settlement of international trade disputes, and ideas and proposals for improving Hubei's legal system related to opening up to the outside world. He proposed that Hubei's local legislation should be speeded up and carried out with foresight and that the relationship between reform and opening be correctly handled, thus quickening the convergence of the domestic economy with the international economy. He also proposed that laws and regulations should be enforced more effectively, the scope of legal services should be expanded, importance should be attached to the training and use of legal professionals, and legal education should be further improved. The leaders attending the meeting warmly applauded his lecture.

In the afternoon, members of the provincial party committee standing committee and the vice governors seriously and warmly discussed the lecture in connection with practical issues in this province's legal system. They unanimously agreed that it is necessary to pay closer attention to the building of the legal system of the market

economy, to make efforts to explore ways to build up the legal system suited to the socialist market economy, to further develop Hubei's legal system according to local conditions, to strictly enforce established laws and regulations and strictly act according to laws and regulations, and to give more effective publicity to legal knowledge. In particular, leading cadres at all levels should take the lead in studying, applying, and enforcing laws.

Finally, Jia Zhijie set forth requirements for next year's studies and improving the studies of the central study group. He said that study must be closely linked with major issues of practice in reform and opening up and that attention should also be paid to studying and absorbing advanced achievements in the contemporary world, thus effectively enhancing our own ability. Collective and individual study should be carried out at the same time. What has been learned should be applied in practice, and there should not be formalistic practices. The study system should be strictly observed, thus guaranteeing that solid results will be achieved through our studies.

Public Express 'Concern' Over Shenzhen Bankruptcy

HK0201150095 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0837 GMT 19 Dec 94

[FBIS Translated Text] Shenzhen, 19 Dec (ZHONGGUO TONGXUN SHE)—Several days ago the Shenzhen Aite Industrial Company started the bankruptcy process according to law with the approval of the local government. The case, which was the first of its kind in Shenzhen, aroused strong public repercussions and quite a number of local people called the media to express their concern.

A company employee said: Since the beginning of this year, I have often read reports about company failure in the newspapers but I did not understand the mystery until today. It is the country that turns out to be the end loser no matter how many companies become insolvent. No wonder several enterprises familiar to me are busy going bankrupt. A company I know of registered with the authorities in order to get loans; when they channeled the money elsewhere, they declared the company bankrupt.

An official [as received] from the Shenzhen Investment Management Company said: There is more than one company like Aite in Shenzhen. They have frequently lost several million, 10 million, or even 100 million yuan. Responsible staff of some enterprises deceived their superiors and intimidated their subordinates, covered up the truth, and padded their profits, while some intermediary institutions failed to make careful checks and some management departments lacked the necessary human resources to take care of such matters, making it possible for some people to escape punishment, he added.

A judge of the Shenzhen Intermediate People's Court responsible for bankruptcy cases also said: Since the

beginning of this year, the court has heard 54 bankruptcy cases and passed verdicts on 34 of them. But up to now, no one directly responsible for bankrupt enterprises has been sued. The "Enterprise Bankruptcy Law" only stipulates that those who are to blame are not allowed to assume leadership positions, rather than defining their criminal liabilities. In foreign countries, bankruptcy means direct punishment for the individual involved, who is only allowed a minimum living standard according to law. In China, however, private property is not affected by bankruptcy in any way. Some people even regard declaring their enterprises bankrupt as a means of casting off their burdens. Consequently, the individual makes a fortune, the enterprise goes bankrupt, and the country suffers, he said.

Southwest Region

Beijing Assigns Graduates To Work in Tibet

HK3112014294 Beijing ZHONGGUO XINWEN SHE
in English 1259 GMT 30 Dec 94

[FBIS Transcribed Text] Beijing, December 30 (CNS)—The Organization Department of the Central Committee of the Communist Party of China and the Ministry of Personnel issued a joint notice which said that about 100 fresh graduates of excellent academic performance and good conduct from higher learning institutions would be singled out from the central and state organs which received the graduates for job. They will be assigned work in Tibet in order to enhance their ability.

The notice said that the excellent graduates who were appraised as elite members showing good political understanding, sound academic results, good health and great potential will be sent to Tibet. They will be workers representing central and state organs to which they belong and be stationed in Tibet in which they can be trained under difficult conditions for enhancing their ability. They can also make contribution to development there and widen their knowledge of local as well as national situation as a whole.

Guizhou Secretary Liu Fangren Inspects Prefecture

HK0301071095 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 18 Dec 94

[FBIS Translated Excerpt] While inspecting Tongren Prefecture, Liu Fangren, secretary of the provincial party committee, stressed the need to put agriculture in the first place in economic work, to take effective measures to curb inflation, to use opening up as a motive force, and to fulfill the five good's target. From 11 to 17 December, Liu Fangren went to Shiqian, Jiangkou, Tongren City, and Yuping, which are all under Tongren Prefecture, to find out about economic work and party building. He also listened to a report by the Tongren Prefecture CPC Committee.

On current work in the province, Liu Fangren gave the following instructions: Agriculture must be put in the first place of economic work. To increase grain output, farmland management must be strengthened. Efforts must be made for good summer grain and oil-bearing crop harvests next year. Farmland irrigation projects must be improved. Medium and low-yield fields must be transformed. Conditions for grain production must be improved. Science and technology must be applied to agricultural invigoration and agricultural applied technology must be popularized. Industrial crops, animal husbandry, and aquatic industry, as well as township and town enterprises, must be developed. Uncultivated land must be reclaimed along with comprehensive agricultural development. Efforts must be made to increase peasants' income. To ensure an increase in revenue, superior industries must be exploited. State-owned enterprises serve as the main pillar of the national economy and are the main sources of revenue. There is a need to deepen reform of large- and medium-sized state-owned enterprises, to strengthen management over their production and operations, to manufacture more marketable products, to improve economic results, to boldly allow the development of nonstate-owned economic sectors, and to reduce the natural growth rate of the population. First, leaders of party committees and governments at all levels must take personal charge of family planning.

During his inspection, Liu Fangren stressed: Measures must be taken to curb inflation, and this is the major program and focus of economic work next year. The shopping basket and rice bag project must be made a success. Market management must be strengthened. At present, it is particularly important to make preparations for food supplies during the New Year and Spring Festival. Liu Fangren reiterated that the strategy of using opening up as a motive force must be implemented throughout the province. The expansion of the scope of opening up must be viewed from the angle of invigorating Guizhou Province and must be put in a prominent position in the province's economic work. For this reason, the construction of basic facilities must be strengthened, preferential policies must be formulated, service functions must be improved, work efficiency must be enhanced, and complacency must be removed. [passage omitted]

Xie Shijie, Xiao Yang Attend Sichuan Meeting

HK0301083895 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 29 Dec 94

[FBIS Translated Text] The Fourth Plenary Session of the Sixth Sichuan Provincial CPC Committee opened in Chongqing City yesterday, during which the provincial party committee's work guidelines were reviewed and ratified. Xie Shijie, secretary of the provincial party committee, and Governor Xiao Yang spoke at the meeting. Song Baorui, deputy secretary of the provincial party committee, spoke on party building. The provincial party committee's 1995 work guidelines, reviewed

and ratified by the plenary session yesterday, summed up work in 1994 and proposed the following ideas and general requirements for work in 1995: Adhering to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; comprehensively implementing the instructions of the 14th CPC National Congress as well as the third and fourth plenary sessions of the 14th CPC Central Committee; seizing the opportunity to deepen reform, widen the scope of opening up, promote development, and maintain stability, which is in the interests of the entire party and the entire country; upholding the principle of doing two types of work simultaneously and laying equal stress on both; correctly handling the relationship between reform, development, and stability; conscientiously carrying out the focal points of work and all measures decided by the second and third plenary sessions of the Sixth Sichuan Provincial CPC Committee; improving the efficiency of opening up to the world; strengthening agriculture as the foundation of the national economy; deepening enterprise reform; adjusting the industrial structure; curbing inflation; strengthening party building; and bringing about sustained, rapid, and healthy economic development and overall social progress.

The main objectives for 1995 are: Markedly improving economic quality and results and bringing about new improvements in urban and rural people's material and cultural lives.

The guidelines for the provincial party committee's work in 1995, reviewed and ratified by the session, are: 1) Widening the scope of opening up and improving the results of opening up; 2) putting agriculture in the first place of economic work and comprehensively developing agriculture and the rural economy; 3) pushing forward all reforms with focus on deepening reform of large and medium-sized state-owned enterprises; 4) strengthening adjustment of the industrial structure, the construction of key projects, and drawing up the Ninth Five-Year Plan; 5) using science and education to invigorate Sichuan and integrate the economy, science, and education; 6) curbing inflation and controlling the general level of prices; 7) adopting comprehensive measures to maintain social stability; 8) strengthening spiritual civilization, forming a democratic and legal system, and bringing about overall social progress; 9) strengthening party building in accordance with the arrangements of the Fourth Plenary Session of the 14th CPC Central Committee; and 10) improving work style and work methods and ensuring the fulfillment of all tasks.

At the meeting Xie Shijie said that strengthening party building and improving party leadership is a fundamental guarantee for the fulfillment of all tasks. The arrangements of the Fourth Plenary Session must be adhered to in strengthening party building and improving the party's ability to exercise leadership and carry out administration. Further improving our work style and work methods is an important component of

party building and is also an important issue in fulfilling all tasks next year. The core of improving our work style and work methods is to be practical, pragmatic, and firm in implementing policies. I hope every comrade will do well in implementing policies and principles at their posts in light of their specific conditions and will unite the people of all nationalities throughout the province in working hard, blazing new trails, and scoring new achievements in next year's economic construction and all tasks.

Sichuan Secretary Xie Shijie Attends Work Meeting

Views Economic Work

HK0201065895 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 25 Dec 94

[FBIS Translated Text] A provincial economic work meeting was held in Chongqing yesterday to relay the instructions of the central economic work meeting and arrange policies and measures for next year's economic work. Present at the meeting were Xie Shijie, secretary of the provincial party committee; Yang Xizhong, chairman of the provincial people's congress; Nie Ronggui, chairman of the provincial committee of the Chinese People's Political Consultative Conference [CPPCC]; and other leading comrades of the provincial party committee, the provincial people's congress, the provincial government, and the provincial CPPCC including Song Baorui, Qin Yuqin, Pu Haiqing, Yang Chonghui, Diao Jinxiang, Sun Tongchuan, Luo Liangyang, Xi Yifang, Zhang Zhongwei, Shen Guojun, Song Dafan, Meng Junxiu, Ma Lin, Xu Shiqun, Ou Zegao, Li Meng, Gan Yuping, Xin Wen, and Yang Changjie, as well as principal leaders of prefectural and city party committees and governments and provincial-level departments, commissions, and bureaus. Qin Yuqin, deputy secretary of the provincial party committee, presided over the meeting. Song Baorui, deputy secretary of the provincial party committee, relayed the instructions of the central economic work meeting. Xie Shijie, secretary of the provincial party committee, delivered an important speech entitled "Reaching a Common Understanding, Boosting Our Spirit, and Doing a Good Job of Next Year's Economic Work."

His speech comprised three parts: 1) this year's situation and next year's main economic tasks; 2) reaching a common understanding and making a success of several jobs; and 3) strengthening party leadership over economic work and improving work style.

In his speech, Comrade Xie Shijie said: Since the beginning of this year, all localities and departments in the province have conscientiously implemented the instructions of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee; have properly handled the relationship between reform, development, and stability in light of Sichuan's specific

conditions according to the principle of seizing opportunities to deepen reform, widen the scope of opening up, stimulate development, and maintain stability—the general principle laid down by the Central Committee for the entire country's work; have coordinated with each in our work; have brought about in-depth development in reform; have scored breakthroughs in reform and opening up; have maintained a good economic development trend; and have made new achievements in all fields. The situation throughout the province is good.

While confirming the province's achievements, Comrade Xie Shijie pointed out the following prominent problems in this year's economic work: 1) price increases are excessive; 2) agriculture remains weak as the foundation of the national economy and still lacks development stamina; 3) production and economic results of some state-owned industrial enterprises are still bad, they have met difficulties in operations, and arrears of tax payments are serious. These are the focal points to be resolved in next year's economic work.

For this reason Comrade Xie Shijie stressed: The main guidelines and requirements for next year's economic work are upholding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; comprehensively implementing the instructions of the 14th CPC National Congress as well as the third and fourth plenary sessions of the 14th CPC Central Committee; seizing the opportunity to deepen reform, widen the scope of opening up, stimulate development, and maintain stability, which is in the overall interests of the entire party and country; properly handling the relationship between reform, development, and stability; conscientiously carrying out the main tasks and measures set by the second and third plenary sessions of the Sixth Provincial CPC Committee; strengthening agriculture, which is the foundation of the national economy; deepening enterprise reform; controlling inflation; strengthening party building; and bringing about sustained, rapid, and healthy economic development, as well as overall social progress.

Comrade Xie Shijie continued: Next year, we must conscientiously fulfill these tasks: 1) reduce the excessive inflation rate; 2) widen the scope of opening up to the world and the rest of the country and improve the efficiency of opening up; 3) strengthen agriculture and put this in the first place of economic work; 4) deepen economic structural reform with the focus on state-owned enterprises; 5) do two types of work simultaneously and lay equal stress on both and maintaining social stability.

Comrade Xie Shijie also stressed the need to strengthen party leadership over economic work and to improve the party's work style, saying: The New Year and the Spring Festival are approaching. No department is allowed to present cash or material awards to anyone under any pretext or to indulge in extravagant eating and drinking. Violations of this type are liable to severe punishments.

In the afternoon, leaders of the provincial planning commission, the provincial foreign economic and trade commission, the provincial economic commission, the provincial economic structural reform commission, and the provincial science and technology commission delivered reports to the meeting on how to proceed with next year's work.

Work Meeting Concludes

HK0301084095 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 28 Dec 94

[FBIS Translated Text] The provincial economic work meeting closed in Chongqing City yesterday. Fu Haiqing, deputy secretary of the provincial party committee and vice governor, made the concluding speech entitled "Making Development the Main Theme and Comprehensively Fulfilling Next Year's Economic Work." At the meeting, Shen Guojun, a member of the provincial party committee's standing committee and secretary of the provincial discipline inspection commission, talked about improving civil affairs. Song Baorui, deputy secretary of the provincial party committee, presided over the meeting.

In his speech, Vice Governor Fu Haiqing said: This meeting has relayed the instructions of the central economic work meeting. In light of Sichuan's specific conditions, Comrades Xie Shijie and Xiao Yang delivered important reports on the current economic situation and tasks, on the guiding principles for next year's economic work, on strengthening and improving party leadership over economic work, and on several major problems. Participating comrades have reached a unanimity of understanding and have acquired a clear idea of the guiding principles, targets, focal point, policies, and measures for next year's economic work. This meeting met its expected purpose.

On next year's economic work and the implementation of this meeting's instructions, Vice Governor Fu Haiqing stressed the following six points: 1) [passage indistinct]; 2) using reform to bring about development; 3) deepening reform and widening the scope of opening up; 4) strengthening and improving macroeconomic regulation and control; 5) strengthening the shopping basket and rice bag projects; 6) doing two types of work simultaneously, laying equal stress on both, and maintaining social stability.

Vice Governor Fu Haiqing said: After the conclusion of this meeting, all localities and departments must promptly relay the instructions of the meeting and conscientiously implement these instructions. In the course of implementation, the following points must be given attention: 1) While curbing inflation, economic development must be speeded up and social stability must be ensured; 2) economic development targets and measures must be worked out in light of local conditions and the provincial party committee supports all policies and measures favorable to economic development; and

delegates to the symposium on the maintenance, development, and use of Zongshan and Pala manor in Gyangze on 2 December. [passage omitted]

Laba Pingcuo, vice chairman of Tibet Autonomous Regional People's Government, and some 30 people, including leaders from the autonomous regional propaganda department, finance department, economic planning commission, tourism bureau, cultural department, nationalities and religious affairs commission, Xigaze prefectural party committee and administrative office, and experts attended the symposium.

After an on-the-spot survey and inspection, persons attending the symposium maintained that it is of important practical significance and profound historical significance to develop and use the Zongshan ruins and Pala manor and turn them into bases for patriotic education. They are not only useful for exposing the political background of the Dalai clique and the dark side of the feudal serfdom of old Tibet, but are also rare sites and teaching materials for education in China's modern and contemporary history and in patriotism for youths. [passage omitted]

At the symposium, Vice Chairman Laba Pingcuo expounded the benefit and important significance of developing and using Zongshan and Pala manor from political, economic, cultural, and historical aspects and expressed constructive opinions on ways to properly develop and use the two historical sites. He said: To develop and use Zongshan and Pala manor, the Gyangze county party committee and government have not only thought and seized the opportunity, but also have complied with the party's policy and the guidelines of the Third Forum on Tibet Work and the Sixth Enlarged Plenary Session of the Fourth Tibet Autonomous Regional CPC Committee. In the course of repairing, using, and developing Zongshan and Pala manor, it is necessary to respect history, maintain their original styles and characteristics, restore their former appearances, and protect them according to rules concerning management of cultural relics. Items of higher economic and important historical value, including tools for production and living, should be retrieved through every possible means. In the meantime, the existing items of important historical value should be properly preserved and utilized. It is also necessary to set up an administrative organ and train personnel as soon as possible so as to bring about early results in developing and using Zongshan and Pala manor.

Yunnan Secretary Speaks on Enterprise Development

HK0301005695 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 19 Dec 94

[FBIS Translated Text] On 18 December, the provincial meeting on ideological and propaganda work in enterprises and the fourth annual meeting of the Provincial

Society for the Study of Workers' Political and Ideological Work were held at the Kunming Iron and Steel Corporation. Pu Chaozhu, secretary of the provincial party committee, attended the meeting and gave an important speech on giving play to the party organizations in enterprises as the political core and properly carrying out reform and creating development in large and medium-sized state-owned enterprises.

After relaying the spirit of the central economic work conference, Pu Chaozhu said: Large and medium-sized state-owned enterprises constitute the foundation of the socialist system. A large number of large and medium-sized state enterprises are operating successfully, and their experience should be summed up. To run large and medium-sized enterprises well, we should first have the spirit of seeking truth from facts, conduct serious investigations and studies, and keep in mind the principle that the nature of socialism is to emancipate and develop the productive forces. Only thus can enterprise reform be successfully carried out. The provincial party committee has decided to dispatch 1,000 cadres from Guizhou City to various enterprises to offer services, carry out investigations, sum up experience, and resolve difficult problems in order to make new breakthroughs in enterprise reform.

Pu Chaozhu said: To run large and medium-sized enterprises well, the key factors are brand-name products and the market. Good leading bodies should be built up in the enterprises. In particular, there should be a good party secretary and a competent factory director in every enterprise. The enterprises should orient their operation to the market, work out effective business strategies, and produce a number of high-quality and marketable products. In addition, they should also rely on technological progress, and modernize their technology by adopting the most advanced and the newest equipment. It is necessary to set up a management system for modern mass production and modern enterprise operation. Within the enterprises, there should be a set of strict and democratic rules and regulations for routine management.

Liang Jinquan, deputy secretary of the provincial party committee, presided over yesterday's meeting and gave a speech. Li Jiating, standing committee member of the provincial party committee and vice governor of the province, and Wang Tianxi, standing committee member and propaganda department director of the provincial party committee, attended the meeting and gave speeches.

At yesterday's meeting, Pu Chaozhu and other leaders gave awards to outstanding individuals and institutions in the field of ideological and propaganda work among workers and in enterprises.

Yesterday morning, leading comrades Pu Chaozhu, Liang Jinquan, Li Jiating, and Wang Tianxi inspected Kunming Iron and Steel Corporation in the company of Ma Yukang, general manager of the corporation. The

leaders expressed appreciation for the company's work results in turning itself from a loss-incurring enterprise before 1978 into one which currently produces 1.2 million tonnes of steel a year. Pu Chaozhu said: Kunming Iron and Steel should promote its products and spread its business operation to the whole country and to the world market, and especially export its products to Southeast Asia. The company should also turn itself into an enterprise group and develop joint production. Being a leading locomotive enterprise, Kunming Iron and Steel can give better play to this province's resource advantages by developing intensive and sophisticated processing, increasing the production of high-value alloy steel, and developing the ferrous metallurgical industry in this province.

The same evening, Pu Chaozhu and other leaders attended Kunming Iron and Steel's meeting to celebrate this year's steel output topping 1.2 million tonnes.

North Region

Beijing Witnesses Economic Growth in 1994

OW0301130395 Beijing XINHUA in English 1252
GMT 3 Jan 95

[FBIS Transcribed Text] Beijing, January 3 (XINHUA)—The Gross Domestic Product of this capital of China increased by 13.5 percent in 1994 over the previous year to some 100 billion yuan-worth, according to a local official.

According to Sun Guoyue, Deputy Director of Beijing Municipal Planning Commission, the growth rate was higher than the nation's average.

The deputy director said that the pace of urban construction was accelerated. Statistics show that more than 10 billion yuan has been invested in this sector, of which nearly 83 percent was for the construction of infrastructure and water-conservancy projects.

In 1994 the local government approved the setting up of more than 2,500 foreign-funded enterprises, involving nearly 1.9 billion U.S. dollars in foreign investment.

So far, 10,100 foreign-funded enterprises have been set up in the city, according to the official.

Meanwhile, 941 share-holding enterprises were set up last year, bringing the number of such enterprises to more than 7,000.

The total retail volume in 1994 in the municipality reached nearly 68 billion yuan-worth, an increase of 23.6 percent over 1993.

The per-capita income in the urban area was 6,500 yuan, 6.5 percent higher than in 1993 after taking price increase into consideration, the official noted.

Beijing Phone Service Expands; Network Digitized

OW2812034094 Beijing XINHUA in English 0146
GMT 28 Dec 94

[FBIS Transcribed Text] Beijing, December 28 (XINHUA)—One million public telephones and switchboards with over three million lines were in operation by December 25 here, according to the Beijing Posts and Telecommunications Bureau today.

The telephone service has been growing rapidly since 1990, said Ni Yilin, head of the bureau. So far this year, 700,000 more telephones have been installed, with the number of customers rising by 340,000.

Eighteen in every 100 people now have direct access to telephones in Beijing, and in the urban area, 28 out of every 100 persons have access to telephones, the highest telephone density in the country.

Meanwhile, the telecommunications sector has been upgrading its equipment. Beijing has program-controlled 99 percent of the telecommunications network; all domestic long-distance and international lines are program-controlled.

From Beijing over 2,000 cities at home and in about 200 countries and regions can be dialed directly.

Optical cables totalling 3,500 km have been laid and the transmission network has been digitized. E-mail and sound-mail, among other hi-tech facilities, are being applied widely.

XINHUA was told that Beijing is striving to speed up digitizing its telecommunications network, to install switchboards with 4.55 to five million lines, and to improve the telephone availability to 42 percent in the suburbs and 55 percent in the urban area by the year 2000.

Tianjin Secretary Urges Studying Jiang Zemin Speech

SK3112062294 Tianjin TIANJIN RIBAO in Chinese
17 Dec 94 p 1

[FBIS Translated Text] On the morning of 16 December, Gao Dezhan, secretary of the municipal party committee, presided over a meeting of secretaries of various work committees of the municipal party committee and of various district and county party committees to make arrangements for the study and implementation of the guidelines of General Secretary Jiang Zemin's important speech made during his inspection tour to Tianjin. He stressed that party committees and governments at all levels should take General Secretary Jiang Zemin's important speech as motivation, advance in a pioneering spirit, work in a down-to-earth manner, firmly implement the guidelines, further develop an excellent trend in all fields of work in the whole municipality, enable next year's economic development to enter a new stage

3) all levels of cadres, particularly leading cadres, must go to grass-roots units, show concern for the masses' lives, resolve their difficulties, and correctly handle the relationship between reform, development, and stability to ensure sustained, rapid, and healthy national economic development.

Sichuan Achieves 'Great Successes' in Key Projects

OW0101143895 Beijing XINHUA in English 1250
GMT 1 Jan 95

[FBIS Transcribed Text] Chengdu, January 1 (XINHUA)—Sichuan, China's most populous province in the Southwest, has achieved great successes in building key projects since the eighth five-year plan (1991-95) started in 1991.

According to local officials, some 76 key construction projects, ranging from reservoirs to expressways, involving a total of 80 billion yuan, have been completed.

Foreign funds totalling 2.2 billion U.S dollars have been introduced for these projects, covering 21 percent of the total investment.

At the same time, the province has adopted a new policy to invite public bidding for key projects so as to guarantee the quality of construction.

The completion of the Kaizhong Reservoir and the Wudu Irrigation System has increased the area of irrigated farmland in the province by over 40,000 ha.

Two fertilizer factories, producing 500,000 tons of phosphorus fertilizer, 300,000 tons of synthetic ammonia and 520,000 tons of carbamide, have also been completed.

Electrification work on the Dacheng Railway (from the Daxian County seat to Chengdu city) and the Chengkun railway (from Chengdu to Kunming, the capital of Southwest China's Yunnan Province), and the double tracking of the Baosheng railway (from Baoji city, Shaanxi Province, to Chengdu), is under way.

The Expressway linking Chengdu with Chongqing, the largest city in the province, was completed recently.

A digital program-controlled telephone network connects 17 major cities and over 200 counties in the province.

Also, the Jiangyou Power Plant and the Kaixian County Power Plant have been constructed, increasing the amount of electricity available in Sichuan by 2,300,000 kw.

The Three Gorges Dam, which is the largest hydroelectric power project in the world, has also started.

Police Prevent Tibetans From Contacting UN Delegation

HK0301054195 Hong Kong SOUTH CHINA
MORNING POST in English 3 Jan 95 p 5

[By Robert Barnett]

[FBIS Transcribed Text] Chinese security forces were deployed to deter Tibetans from contacting a UN human rights delegation that visited Tibet last November, according to unofficial sources in Lhasa. A week after the team left Lhasa four monks were arrested for staging a demonstration linked to the visit.

UN officials were apparently unaware that they were surrounded by plainclothes police, that monks were banned from the main temple area during the visit, and that military helicopters flew low over the Tibetan quarter of the city as a deterrent, say Tibetans and tourists who were in the city.

Twenty Tibetans who tried to submit information to the delegation smuggled messages out to a monitoring organisation in London after giving up the attempt to reach the UN, and at least four people sent written protests saying that they were unable to reach the delegation because of security operations.

A senior UN official who was on the 40-hour trip to Tibet, from November 25 to 27, denied that his team had been inaccessible. "We visited many temples and squares, and people could have come to the hotel," he said, speaking from the UN's Centre for Human Rights in Geneva.

Monks and nuns were banned from the area around the main temple in Lhasa during the two-day visit by the UN, and western tourists reported seeing monks being forced to leave the area by police. In at least one temple visited by the delegation an English-speaking monk was confined to his room while the UN officials were on the premises, according to Tibetan sources.

Students at a Lhasa medical college were restricted to their campus during the visit and foreigners were banned from visiting students at the University of Tibet without police permission from mid-November. "People who saw the delegation described them as surrounded by plain-clothes police," said a Westerner who was in Lhasa.

The four arrested monks were detained when they staged a demonstration in the Barkor, the pilgrimage circuit in the centre of the Tibetan quarter, on December 7. Two other monks, all of whom came from Sang-ngag Kha monastic college in Taktse county, 25 kilometres east of Lhasa, evaded arrest but are likely to have been caught later. Monks from the same monastery had been hoping to contact the UN Rapporteur and may not have known that his team had already left, according to Tibetan sources.

Abdelfattah Amor, the UN Special Rapporteur on Religious Intolerance, led the delegation, the first ever trip by a UN Human Rights team to China or Tibet. Mr Amor, a Tunisian jurist whose mandate is to report on allegations of religious abuses to the UN Commission on Human Rights, has not yet published details about his trip to Tibet.

"The visit was kept secret from the public and there were intensive security arrangements in Lhasa on the Friday," said one Tibetan in Lhasa. "There was tight security around the Jokhang Temple from about 11 am on the Saturday, the day of their visit to the Temple, and police were visible all over the Barkor."

"No monks or nuns were allowed in the Barkor on the Saturday and the two main monasteries near the city were closed off so the monks couldn't leave," said one Westerner who was in Lhasa at the time.

A checkpoint was set up on the road between Sera monastery and Lhasa and "all monks were removed from buses and sent back to their quarters", he said. "It was impossible to meet the delegation," reported a Westerner who tried for two days to find the team, whose presence in the little-used south wing of the Lhasa Holiday Inn was denied by staff and management until after they had left.

"We met one Tibetan who said he wanted to pass something to the delegation in their hotel, even if it meant going to prison, but like us he could not get to them," said a Tibetan-speaking tourist. "We would not have dared to come up to them in the street."

On the mornings of both November 26 and 27 military helicopters flew low over the Barkor. "This was very unusual, and Tibetans regarded these flights as intimidating," the tourist said.

Tibet Reports Economic Growth for 1994

OW0301102095 Beijing XINHUA in English 0940
GMT 3 Jan 95

[FBIS Transcribed Text] Lhasa, January 3 (XINHUA)—Southwest China's Tibet Autonomous Region witnessed vigorous economic growth last year thanks to a decision of the central government to strengthen economic development in the region.

Government statistics show that the region's gross domestic product in 1994 surpassed 4 billion yuan, with the annual per capita income of farmers and herdsmen averaging 550 yuan.

Agriculture and animal husbandry maintained sustained growth in 1994 after a spell of severe natural disasters. The region's agricultural output registered a 4.5 percent increase to reach 2.5 billion yuan in the year. Grain output was roughly the same as in the previous year, while the output of oil-bearing crops soared to 27,000 tons, representing a 22-percent rise.

The region produced 106,000 tons of meat and 8,800 tons of wool last year.

Township enterprises developed rapidly in the agricultural zones, yielding a profit of 250 million yuan last year.

In line with the national trend toward a market-oriented economy, the industrial sector in Tibet upgraded the product mix through technical renovation, and improved management.

As a result, the region's gross industrial output surged to 516 million yuan last year, a rise of 9.1 percent over 1993.

Transportation played a vital role in the region's economic development. The freight volume went up by 6.5 percent to 735,000 tons in 1994.

Infrastructure construction projects also proceeded in high gear during the year, with a number of key projects completed. The amount of investments in fixed assets in the region exceeded 2 billion yuan.

Renovation of the Potala palace, symbol of Tibet, and the Bangda airport were completed last year. A repair project on the two highways linking Tibet with Qinghai and Sichuan is in full swing. Construction of the Yanghu and Chalung hydropower plants is near completion.

Preparations for the 62 projects undertaken in various parts of Tibet with financial and technical assistance from inland provinces are well under way. Forty eight of them have completed preliminary preparations. Work on 27 projects including the highway linking Lhasa with Gonggar, the intercity road in Lhasa, and the Potala palace square have entered first phase construction.

The region's foreign trade and tourism experienced an upturn last year. Its import and export volume topped 120 million U.S. dollars in 1994, 16.5 percent more than the previous year's figure.

The region received more than 28,000 overseas tourists and gained 10 million U.S. dollars in profits last year.

Development in other fields such as public health, education, science and technology, and culture also made good headway.

Tibet Official on Use of Historical Sites

OW3012140094 Lhasa XIZANG RIBAO in Chinese 9
Dec 94 p 1

[Report by Wang Xiaohua (3076 2556 5478) and Mai Zhengwei (7796 2973 0251): "Construction of Bases for Patriotic Education in Full Swing in Tibet—Symposium on the Maintenance, Development, and Use of Zongshan and Pala Manor Held in Gyangze, Attended by Laba Pingcuo, Leaders of Relevant Departments, and Experts"]

[FBIS Translated Excerpt] A feat which will benefit people for centuries to come and which has profound significance is the repair, development, and use of two historical sites—the Zongshan ruins of resistance against Britain and Pala manor—as soon as possible, and quickly turning them into important bases for patriotic education in Tibet. This was the consensus reached by all

and all fields of work to enter a new level, do a better job in Tianjin's economic development and social progress, and never disappoint the ardent hopes that the Party Central Committee has pinned on Tianjin.

Li Shenglin, deputy secretary of the municipal party committee and executive vice mayor; and Liu Fengyan, Fang Fengyou, Luo Yuanpeng, and Zheng Zhiying, members of the standing committee of the municipal party committee, attended the meeting.

In his speech, Gao Dezhan said: During the crucial moment when this year will soon come to an end and the new year will begin, it is very meaningful for General Secretary Jiang Zemin to personally come to Tianjin on an inspection tour. Over the past few days, General Secretary Jiang has braved the cold weather, made nothing of hardships, and travelled deeply to plants, villages, Army units, schools, and farm-product markets to make extensive contact with cadres and the masses and to conduct in-depth investigation and study; he has also listened to work briefings given by the municipal party committee and the municipal government and made very important instructions on Tianjin's work. This has fully manifested the CPC Central Committee's great concerns for Tianjin's 9 million people and has greatly inspired us.

Gao Dezhan said: General Secretary has fully affirmed Tianjin's achievements and pinned ardent hopes on us. This is an encouragement spurring us to move forward. General Secretary Jiang has made important instructions for deepening reform, successfully running state-owned enterprises, strengthening agriculture and curbing inflation, and caring for the living of the masses and further defined the orientation for our advance. These instructions are the principles we should follow in carrying out the work of next year and for some time to come, and are of extreme importance in guiding significance in arranging for next year's work. Party committees and governments at all levels should conscientiously study and implement General Secretary Jiang Zemin's important speech made during his inspection tour to Tianjin in the course of implementing the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee and the central economic work conference, do a good job in summing up this year's work, and make good arrangements for the work of 1995.

In his speech, Gao Dezhan made specific arrangements for various departments, committees, offices, districts, counties, and bureaus to organize the masses of cadres to study and implement General Secretary Jiang Zemin's important speech made during his inspection tour to Tianjin. He pointed out: Party and government leading cadres at all levels across the municipality should take the lead in conscientiously studying and implementing General Secretary Jiang's important speech, implement the instructions one by one, and do a better job in Tianjin's economic development and social progress. He also called on all districts and departments to firmly

seize the last few days of this year to make this year's work a success, try by all possible means to fulfill or overfulfill this year's various work targets and tasks, and at the same time, study and make good arrangements for next year's work so as to able next year's work to have a good start, to have a high starting point, and to attain a high level. Gao Dezhan also reported on the preparations for the convocation of the third enlarged plenary session of the sixth municipal party committee, clearly put forward demands on successfully conducting democratic appraisal and achievement assessment for leading bodies and leading cadres, holding democratic party life activities for leading bodies, and discussing ways to give full play to the role of party organizations, party members, and leading cadres.

Gao Dezhan pointed out: Party committees and governments at all levels should conscientiously implement the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, the central economic work conference, and the important speech of General Secretary Jiang Zemin and make proper arrangements for all fields of work. One thing we must particularly stress is that leading cadres at all levels should uphold the fundamental purpose of wholeheartedly serving the people, act in accordance with General Secretary Jiang's demands, regard things related to people's life and interests as the major matters, exert efforts to grasp them well, keep the well-being of the people in mind, do everything in the interest of the people, and rely on the masses. As long as we do more things that fall in with the wishes of the masses, we will surely be able to fully boost the enthusiasm of the broad masses of people and to pool the strength of all sectors. The New Year and Spring Festival will come soon. Leaders at all levels should all the more keep the living of the masses in mind, adopt effective measures, make the party and government jointly attend to this work, and realistically make good arrangements for the living of the masses. To achieve this, we must particularly grasp well the following seven aspects of work: 1) We should further strengthen price management and exert strenuous efforts to unremittably grasp the work of stabilizing the market prices. 2) We should make arrangements for supplies during festivals, organize the sources of goods, and enrich and invigorate the market. 3) We should solve the problems on the living of the masses of workers, retired veteran cadres and workers with financial difficulties and urge all localities, departments, and units to extensively conduct activities on sending warmth to the masses of difficult workers. 4) We should strengthen production safety, conscientiously implement the spirit of the State Council's circular, attend to fire fighting work, and never lower our guard. 5) We should realistically strengthen public security comprehensive management and safeguard social stability. 6) We should make arrangements for the people's cultural life, make the cultural activities of festive days colorful, promote the main melody of the times and the pioneering spirit of the new period, and heighten the morale of the people across the municipality. 7) We

should strictly enforce all regulations during the two festivals, pay attention to practicing economy, and cultivate good social habits.

Gao Dezhan said in conclusion: We should more closely rally around the CPC Central Committee with Comrade Jiang Zemin as the nucleus, persist in taking Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as the guidance, conscientiously implement the guidelines of the Fourth Plenary session of the 14th CPC Central Committee, the central economic work conference, and General Secretary Jiang's important speech, advance in a pioneering spirit, work hard, firmly implement the guidelines, and unite with and lead the people across the municipality to promote next year's economic construction to a new stage, to push all fields of work to a new level, and to strive to realize the objective of "invigorating the municipality and making the people attain a level of prosperity or moderate prosperity," and to create more brilliant achievements in Tianjin.

Northeast Region

Liaoning Province Holds Forum on Party Building

SK0101235295 Shenyang LIAONING RIBAO in Chinese 15 Dec 94 p 1

[By reporter Sun Desheng (1327 4795 3932): "The More We Develop the Market Economy, the More We Should Strengthen Party Building"]

[FBIS Translated Text] At the provincial forum on enterprise party building held on 13-14 December, Gu Jinchai, secretary of the provincial party committee, stressed: State-owned enterprises are the pillars of the national economy and the places where industrial workers are mostly concentrated. The more we deepen reform and the more we exert efforts to build the modern enterprise system and develop the socialist market economy, the more we should strengthen enterprise party building.

Gu Jinchai, Wang Huaiyuan, Xu Wencai, Yu Junbo, Guo Tingbiao, and other provincial leaders attended the forum from beginning to end. They conducted intensive discussions with 16 party committee secretaries and plant directors, who came from enterprises with good or bad economic efficiency, on how to strengthen and improve enterprise party building under the conditions of carrying out reform and opening up and developing the socialist market economy; on how to make party organizations of enterprises with good economic efficiency give full play to their due role in the course of deepening reform, raising economic efficiency, and running the enterprises; and on how to make party organizations of enterprises with difficulties in production and management give full play to their role in the course of helping enterprises end deficits, increase profits, raise economic efficiency, and extricate themselves from a difficult position. Yu Junbo, member of the standing

committee of the provincial party committee and director of the propaganda department, presided over the forum.

In his speech, Gu Jinchai stated: The party's grass-roots organizations are the basis for carrying out the entire party's work and for displaying the party's fighting strength, the foundation of our ruling party, and the foundation for carrying out the new great project of party building. The Fourth Plenary Session of the 14th CPC Central Committee again stressed the important status and unreplaceable role of the party's grass-roots organizations. Only when grass-roots party organizations are successfully built can the party have strong fighting strength and stand all kinds of storms.

Gu Jinchai added: Our enterprises are enterprises with Chinese characteristics. Changing operational mechanisms and building the modern enterprise system constitutes only a change in the management forms and operational mechanisms. The status and role of their party organizations cannot be changed. The key to successfully running enterprises lies in the people. The more advanced the enterprise systems are, the greater the demands that will be set on the people, and the greater the role of the people will become. In training and educating the people and mobilizing their enthusiasm and creativity, party organizations play a role and have a superiority that can never be replaced by other organizations. The more we deepen reform, and the more we exert efforts to build the modern enterprise system and develop the socialist market economy, the more we should strengthen enterprise party building as well as ideological and political work, and the more we should give play to the political core role of party organizations.

Gu Jinchai said: At present, enterprises are in a critical moment of replacing old systems with new ones. In addition to exposing their original contradictions to a fuller extent, they will also encounter new situations and problems. On one hand, these new situations and problems will bring greater difficulties to the party's enterprise work; on the other hand, they will also provide opportunities and arenas for enterprise party organizations to give play to their roles. When encountering difficulties, enterprise party organizations should be able to stand the test and give full play to their due role.

Gu Jinchai emphatically pointed out: To strengthen enterprise party building under the conditions of a socialist market economy, we must persist in studying the new situations and in solving new problems with the reform spirit; must create new ideas in the course of inheritance; and must improve them in the course of reform. At present, the most important is to face reality and the future, to study the new situations and new topics, proceed from the reality of enterprises, to explore and boldly blaze new trails, and to create new ways and methods for carrying out enterprise party building work under the conditions of a market economy.

Liaoning Implements Minimum Wage System

*OW0301133995 Beijing XINHUA in English 1255
GMT 3 Jan 95*

[FBIS Transcribed Text] Shenyang, January 3 (XINHUA)—A provisional regulation on the minimum wage to be paid to enterprise workers came into effect this week in Liaoning Province, a leading heavy industrial center in northeast China.

The regulation is applicable to employees of both state-run and individually-owned firms; economic development zones approved by the central government, border areas, bonded areas and high-tech parks will have different standards.

Workers who find their wages lower than the minimum can lodge a complaint with local labor departments.

The provincial labor administrative departments have been authorized to co-operate to enforce the minimum wage.

The regulation stipulates that the minimum wage should cover the lowest living cost for the employee and the family members he supports and should be higher than relief funds or unemployment compensation.

The minimum wage should not include subsidies for overtime, night shift work, or work involving dangerous conditions.

Northwest Region

Qinghai Secretary Speaks on Propaganda Work

HK0201150295 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 18 Dec 94

[FBIS Translated Text] The fifth provincial training class for propaganda cadres was concluded on 17 December in the party school run by the provincial party committee, and a ceremony was held to mark the end of the training class. Yin Kesheng, secretary of the provincial party committee, and Tian Yuan, propaganda department director of the provincial party committee, attended the ceremony to express congratulations.

The 37 students attending the class came from 15 counties and some provincial cultural and propaganda institutions. Through the study, the students deepened their understanding of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. They all held that the theory had developed into a scientific system of substantial content and great scientific value and of practical guiding significance.

Comrade Yin Kesheng gave a speech at the ceremony to mark the end of the training class. He said: The propaganda department is an important organ of the party. The party relies on the work of the propaganda department to ensure the implementation of the party's line, principles, and policies. Propaganda work has become ever more important under the new situation. Comrades engaged in propaganda work should be clearly aware of the important status and role of their work. At present, Qinghai remains a poor and backward province, but we have lofty aspirations and never lose heart. Qinghai has its own advantages and its own development potential. The most important of all is the faithfulness of the people living on the plateau toward their work. In difficult conditions, they are ready to endure hardships and make contributions.

Comrade Yin Kesheng stressed: While studying theory and enhancing our theoretical attainments, we must orient ourselves to the times and adapt ourselves to the character of the times. In all circumstances, we comrades engaged in propaganda work must remain sober-minded, must persevere in the correct orientation, and must continue to mobilize and encourage the masses to love Qinghai, develop Qinghai, and handle affairs in Qinghai well.

Qinghai Attempts To Ensure Supplies During Festivals

HK0301031195 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 21 Dec 94

[FBIS Translated Excerpt] On 20 December, the provincial government summoned responsible officials from relevant departments to a meeting on guaranteeing market supplies during the coming festival period. It is learned that in order to guarantee market supplies during the festival period, beginning in November, the commerce department of the provincial government launched a 70-day drive in all commercial institutions to organize commodity supplies to satisfy market demand. The work of transporting goods to meet market demand during the coming festival period is intensively under way. [passage omitted]

Provincial Governor Tian Chengping listened to a work report from the commerce department at the meeting, and then he stressed that while properly arranging supplies of various commodities in the market, it is also necessary to maintain law and order and guarantee that good public order will be kept during the festival period. Work should be done to prevent fires and burglary and to maintain good traffic order. Recreational activities should be properly organized for the masses so that all people can spend the festivals happily and safely.

Response to U.S. Pressure Over Human Smugglers

OW3112085294 Taipei CNA in English 0831 GMT 31 Dec 94

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Dec. 31 (CNA)—The Republic of China [ROC] government has decided to impose penalties on owners, operators and captains of ships or aircraft which illegally transport mainland Chinese to Taiwan or third countries and areas, cabinet sources said Saturday [31 December].

The decision was reached during a meeting of officials from the Judicial Yuan, the Ministry of Justice, the Mainland Affairs Council and the Ministry of the Interior, the sources said.

The Executive Yuan called the meeting after the U.S. Government earlier this month publicly expressed its anger at Taiwan's failure to prosecute the captain and crew of the ship Jin Yinn No. 1 for smuggling mainland Chinese nationals to America in May.

Under the current relations governing relations between the people on both sides of the Taiwan Strait, the government is not authorized to prosecute the Jin Yinn captain, crew or owner.

The cabinet has decided to revise the law to impose prison terms and fines on owners, operators and crew members of ships or aircraft which smuggle mainland Chinese into Taiwan or third countries and areas in the future.

Under the new regulations, owners, operators and crew members of law-breaking ships and aircraft will be given a maximum three-year prison term and be fined NT\$1 million [new Taiwan dollars] (U.S.\$38,022) to NT\$15 million (U.S.\$570,342).

The cabinet has ordered the ROC representative office in Washington to inform the U.S. Government of the new decision. The new regulations will take effect after being approved by the Legislative Yuan in the near future.

Li Teng-hui Urges Reforms in New Year Address

OW3112144594 Taipei CNA in English 1345 GMT 31 Dec 94

[FBIS Transcribed Text] Taipei, Dec. 31 (CNA)—President Li Teng-hui, in his annual new year's eve message, on Saturday [31 December] called for judicial, administrative and educational reforms to speed up the modernization of the Republic of China [ROC].

"We are at the beginning of a new history and looking forward to the future, more challenges and greater responsibilities are awaiting us," Li said in the message.

He also urged Beijing to be more practical in dealing with cross-strait relations so as to ease the four decades of hostility between the two sides and to allow them to engage in "peaceful competition."

Recalling the reforms initiated by the late President Chiang Ching-kuo seven years ago, Li said that [words indistinct] on Taiwan during the period has successfully launched a pragmatic foreign offensive to greatly upgrade its international status.

He said the government has also successfully healed the wounds left behind by conflicts between the different groups who had emigrated from the mainland to Taiwan at different times, and has established a harmonious society here. Li pointed out that the election of Sung Chu-yu—a mainlander who first arrived here 37 years ago—is evidence that the past conflicts have eased and that total integration of the various groups is foreseeable. Sung was elected Taiwan governor on Dec. 3.

Li also said he has been determined, since he assumed his office as the eighth president of the ROC in 1990, to vigorously push ahead with democratization. "The amendments to the constitution and the successful elections of Taiwan governor, Taipei and Kaohsiung mayors and members of the local legislatures recently show that a multiparty political system has taken root here and that the ideal that "sovereignty lies with the people," has been realized," he said.

Li outlined the three "engineering projects" [words indistinct] the government has to take great efforts to complete within the next few years to [word indistinct] the ROC's transition to a modern country; to launch judicial reforms to implement the rule on the law; to make administrative reforms by streamlining the bureaucracy; and to renovate the education system so as to cultivate talent and improve the quality of life.

Turning to relations with the mainland, Li said the government has spared no efforts establishing an economically productive and politically democratic modern society [words indistinct] laying a solid foundation for the development of the whole of China in the future.

He said, however, that cross-strait relations have not been going as smoothly as expected, due to Beijing's blocking the ROC's pragmatic foreign operations and its misunderstanding of the ROC's democratization.

In fact, he said, the ROC is a political entity with independent and full sovereignty, and is thus entitled to international status and a place in the international community.

The ROC's pragmatic foreign policy will only serve to help the international community recognize the fact that China is now divided and under different rule, and will not be an obstacle to China's eventual unification, he stressed. Saying that the "Taiwan experience," which features a free economy and democratic politics, has been widely admired and become an irresistible trend in

the world, he urged Beijing to fall in line with the trend and respect the free will of the people so that the existing gaps between the two sides of the Taiwan Strait can be narrowed and a unified China can develop under the principles of freedom, democracy and equitable distribution of [words indistinct] president wished his fellow compatriots a happy new year and good luck for the future.

Third Chiao-Tang Meeting Set for Late Jan

OW3112165694 Taipei CNA in English 1334 GMT 31 Dec 94

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Dec. 31 (CNA)—High-ranking officials of the cabinet-level Mainland Affairs Council (MAC) and the Straits Exchange Foundation (SEF) decided on a Saturday [31 December] meeting that deputy heads of the SEF and its mainland counterpart will meet at the end of January in the mainland.

MAC Deputy Chairman Kao Kung-lien said the third round meeting between SEF Vice Chairman Chiao Jen-ho and Tang Shubei, vice chairman of the Association for Relations Across the Taiwan Strait (ARATS), will be held in tandem with a technical meeting between SEF and ARATS officials.

Chiao and Tang held two rounds of talks earlier this year, during which they reached a broad consensus that agreements on the three main technical issues that remain unresolved between the two sides—the repatriation of mainland hijackers and illegal immigrants and the settlement of fishery disputes—would be signed as soon as possible.

The SEF and ARATS are [words indistinct] organizations set up by their respective governments to handle civilian exchanges between the two sides. Kao said the SEF-ARATS meeting in January will continue to discuss the three issues and will also exchange views on the agenda for follow-up meetings.

Whether the third round of Chiao-Tang talks will also be defined as a preparatory meeting for the second round of talks [words indistinct] SEF Chairman Ku Chen-fu and ARATS Chairman Wang Daohan was not discussed in Saturday's meeting.

Ku and Wang [words indistinct] a landmark meeting in Singapore in April [words indistinct] -level contact between the two sides of the Taiwan Strait in more than four decades.

This was the first SEF-MAC meeting since Vincent Siew took over as MAC chairman earlier this month.

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